



## DOMESTIC & FOREIGN PORTFOLIO PARTICIPATION IN EQUITY TRADING – July 2017

On a monthly basis, The Nigerian Stock Exchange polls trading figures from major custodians and market operators on their Foreign Portfolio Investment (FPI) flows. The table below shows an analysis of transactions on The Exchange as at the end of July 2017.

**Table 1: Analysis of Transactions for the Period Ended 31 July 2017<sup>1</sup>**

All figures are in ₦' Billions

| Period                | Total    | Foreign | Foreign % | Domestic | Domestic % | Foreign Inflow | Foreign outflow | Domestic Retail | Domestic Institutional |
|-----------------------|----------|---------|-----------|----------|------------|----------------|-----------------|-----------------|------------------------|
| Jan 2017              | 95.32    | 44.01   | 46.17%    | 51.31    | 53.83%     | 22.61          | 21.40           | 20.12           | 31.19                  |
| Feb 2017              | 74.11    | 34.54   | 46.61%    | 39.57    | 53.39%     | 16.10          | 18.44           | 15.22           | 24.35                  |
| Mar 2017              | 285.05   | 132.51  | 46.49%    | 152.54   | 53.51%     | 23.64          | 108.87          | 23.77           | 128.77                 |
| April 2017            | 54.90    | 22.45   | 40.89%    | 32.45    | 59.11%     | 14.54          | 7.91            | 14.20           | 18.25                  |
| May 2017              | 205.61   | 95.19   | 46.30%    | 110.42   | 53.70%     | 73.15          | 22.04           | 42.47           | 67.95                  |
| June 2017             | 220.27   | 101.53  | 46.09%    | 118.74   | 53.91%     | 65.93          | 35.60           | 62.40           | 56.34                  |
| July 2017             | 194.15   | 60.50   | 31.16%    | 133.65   | 68.84%     | 38.44          | 22.06           | 53.75           | 79.90                  |
| 2017 YTD <sup>2</sup> | 1,129.41 | 490.73  | 43.45%    | 638.68   | 56.55%     | 254.41         | 236.32          | 231.93          | 406.75                 |
| 2016 YTD <sup>3</sup> | 714.60   | 313.49  | 43.87%    | 401.10   | 56.13%     | 144.72         | 168.77          | 189.99          | 211.11                 |

Note the decrease in foreign transactions in July compared to June 2017.

### Analysis

#### Domestic vs. Foreign 2017

Total transactions at the nation's bourse decreased by 11.86% from ₦220.27billion recorded in June 2017 to ₦194.15billion (about \$0.64 billion)<sup>4</sup> in July 2017. Also, the aggregate value of transactions from January to July 2017 increased by 58.05% from ₦714.60 billion recorded in 2016 to ₦1.129trillion in 2017.

Domestic investors outperformed foreign investors by 37.68%. Total domestic transactions increased by 12.56% from ₦118.74 billion recorded in June 2017 to ₦133.65 billion in July 2017 while foreign transactions decreased by 40.41% from ₦101.53 billion to ₦60.50 billion within the same period.

Monthly foreign inflows outpaced outflows. However, foreign inflows decreased by 41.70% from ₦65.93 billion in June 2017 to ₦38.44 billion in July 2017. Foreign outflows also decreased by 38.03% from ₦35.60 billion in June 2017 to ₦22.06 billion in July 2017.

In comparison to the same period in 2016, total FPI transactions from January to July 2017 increased by 56.54% from ₦313.49 billion to ₦490.73, whilst the total domestic transactions increased by 59.23% from ₦401.10 billion to ₦638.68 billion.

<sup>1</sup> Methodology - The FPI outflow includes sales transactions or liquidation of portfolio investments through the stock market, whilst the FPI inflow includes purchase transactions on the Nigerian Stock Exchange (Equities only).

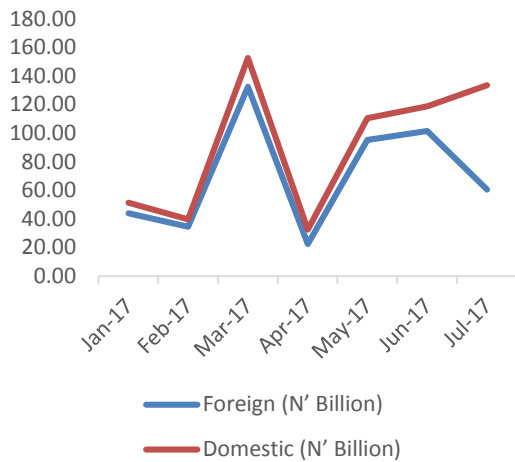
<sup>2</sup> 2017 YTD represents January to July 2017 transactions.

<sup>3</sup> 2016 YTD represents January to July 2016 transactions.

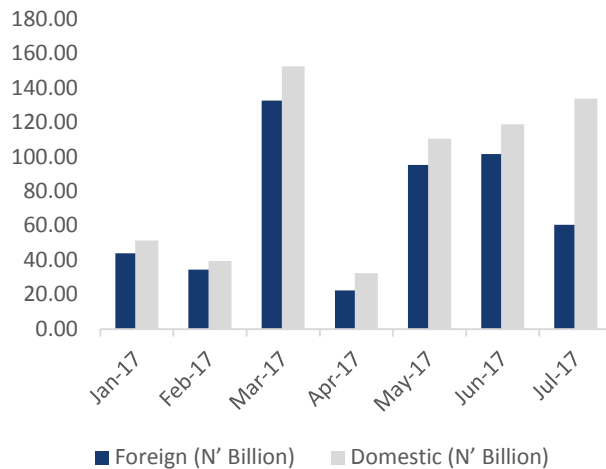
<sup>4</sup> The Exchange rate as at 31 July 2017 was ₦305.15



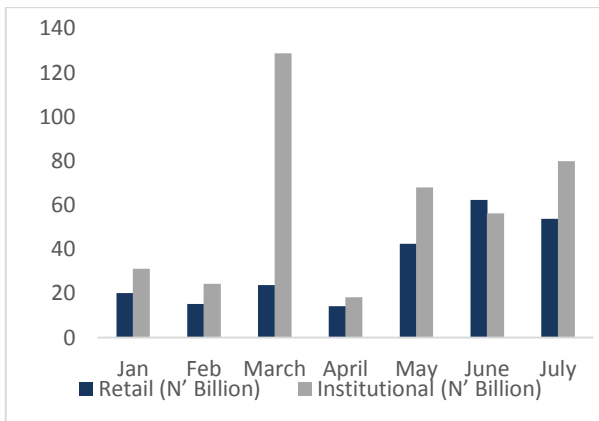
**Fig 1: Foreign vs Domestic Trend  
Jan - July**



**Fig 2: Foreign vs Domestic Market Share  
Jan/July**



**Fig 3: Retail vs. Institutional July 2017<sup>5</sup>**



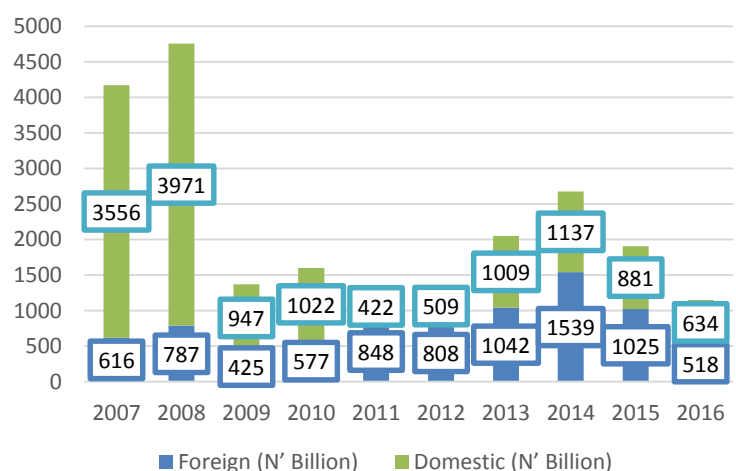
**Fig 3 highlights the domestic composition of transactions on The Exchange between January and July 2017. The institutional composition of the domestic market increased by 41.82% from ₦56.34 billion recorded in June to ₦79.90 billion in July 2017. However, the retail composition decreased by 13.86% from ₦62.40 billion to ₦53.75 billion within the same period. This indicates a higher participation by institutional investors over their retail counterparts.**

**Fig 4 highlights that since 2011, foreign transactions have consistently outperformed domestic transactions. However, domestic transactions marginally outperformed foreign transactions in 2016, accounting for 55% of the total transaction volume in 2016.**

**Also, foreign transactions have further declined by 66.34% from ₦1.539t in 2014 to ₦518b in 2016, representing about 45% of total transactions in 2016.**

**Over the nine (9) year period, domestic transactions have significantly decreased by 85.43% from ₦3.556t in 2007 to ₦634b in 2016.**

**Fig 4: Foreign/Domestic Trend 2007 - 2016**



<sup>5</sup> Information on the retail and institutional components of total domestic transactions in July is based on data obtained from about 97% of Active Dealing Members of The Exchange.