

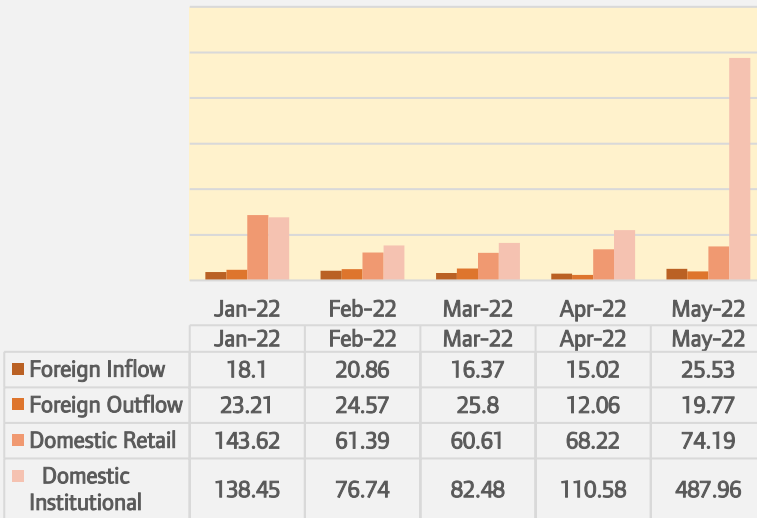
Domestic and Foreign Portfolio Inflow Update: May 2022



MPR: 13.00% May'22 Inflation Rate: 17.7

Q1 2022 Real GDP: 3.11%

Foreign Flows and Domestic Transactions



Source: NGX, Cowry Research

Domestic investors taking a bet on the equities market, FPI participation on a decline.....

The newly published report on domestic and foreign portfolio participation in equities trading by the Nigerian Exchange (NGX) showed that total equities market transactions increased by 195.05% to N607.45 billion in May 2022 from N205.88 billion in the previous month. When compared to May 2021, the result shows that total transactions increased by over 500% (525.01%) y-o-y from N97.19 billion.

Our analysis of the data shows that this is the highest trading figure recorded in a month since 2007 and brings the year-to-date transaction to N1.51 trillion under 5 months. Also, the strong appetite of domestic investors continues to outperform the total transactions by foreign investors by 86%. This was hinged on the fact that domestic investors at the close of Q1 2022, began taking a bet on the domestic bourse.

Consequent with a strong-willed consideration of the positive rally during the month of May, there was improved investors' sentiment spurred by strong earnings, positive price appreciations, and movements on the index which gained 8.1 percent month on month and crossed the 50,000 psychological point mark to close the month at 53,772.35 points (almost a 14-year high).

From the trading figures polled by the NGX from market operators, total domestic transactions executed between April and May surged 214.4% to N562.15 billion from N178.8 billion while the total foreign transactions rose 67.28% to N45.3 billion from N27.08 billion in May. Similarly, institutional investors maintained their performance ahead of their Retail counterparts by 74% as the report revealed that the institutional composition of the domestic market increased by 341.27% from N110.58 billion in April to N487.96 billion while retail transactions surged 8.75% to N74.19 billion from N68.22 billion during the month.

Meanwhile, foreign portfolio investors have largely exited Nigeria resulting from FX liquidity issues, leading to a backlog of delayed external payments which is estimated by the World Bank at around \$1.7 billion. Nevertheless, we have in recent days in June, seen the equities market slip into a bearish pattern as investors continue to take profits off the market in light of the recent MPC rate hike. In our opinion, this has created an attractive buying opportunity for investors as we approach the half-year earnings and dividend season in the equities market.

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