



## Domestic and Foreign Portfolio Inflows Update: June 2022

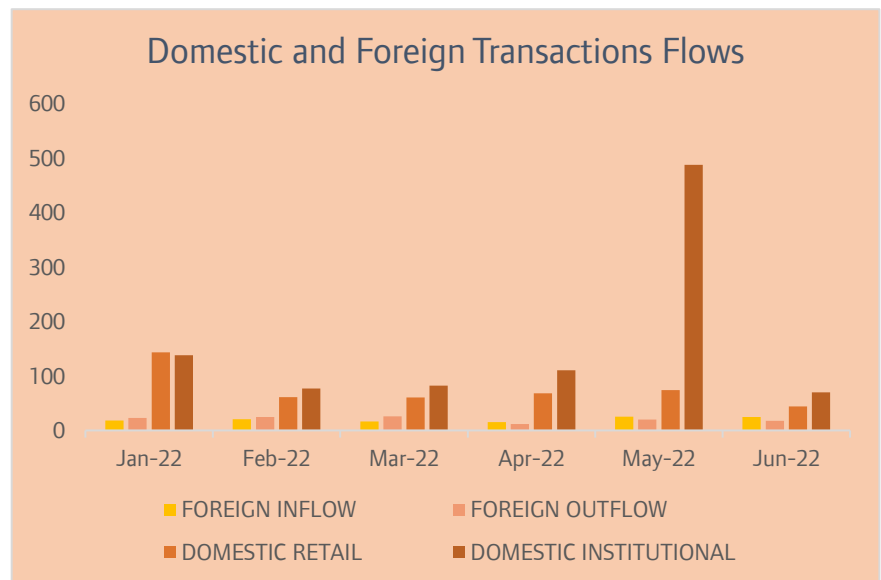
MPR: 14% June'22 Inflation: 18.60%

Q1'22 Real GDP Growth: 3.11%

### Domestic Investors Still Outperform Foreign Investors as Total Domestic & FPIs kneel to N156.5bn in June

The newly published report on domestic and foreign portfolio participation in equities trading by the Nigerian Exchange Group (NGX) showed that total equities market transactions declined 74.23% to N156.52 billion in June 2022 from N607.45 billion traded in May 2022. The report pointed out that there was a 55.32% year on year on year increase from N100.77 billion reported in June 2021.

Our analysis of the monthly trading figure polled by the NGX from market operators on their Domestic and Foreign Portfolio Investment (FPI) flows showed that in the review month of June 2022, the total value of transactions executed by domestic Investors outperformed transactions executed by foreign investors by 46%.



On a year-to-date and half-year analysis, total Domestic and Foreign Portfolio Investments in equity trading rose 60.7% to N1.66 trillion in 2022 from N1.03 trillion in the same period last year. This shows that domestic transactions for the period printed N1.42 trillion from N812.5 billion while trades by their foreign counterparts were N243.5 billion from N221.9 billion last year. Interestingly, investors have historically shown uneasiness during the second half of a pre-election year as foreign investors have always exited Nigerian equities aggressively with local institutional investors following suit.

Looking at the activities of institutional investors during the month of June, they outperformed the Retail Investors by 22%. Resultantly, a monthly comparison between categories of investors in domestic transactions shows there was a 40.54% decline to N44.11 billion in June from N74.19 billion in May in retail transactions while the institutional composition of the domestic market decreased by 85.61% from N487.96 billion in May 2022 to N70.22 billion in June 2022.

As it is obvious that foreign investors no longer play an active role in trading Nigerian equities as they control less than 25% of market trading activities, we think local institutional investors may have more incentive to remain in the market despite the rates hike by the CBN and other central bank chiefs across the globe in July. Also, we expect the delivery of half-year strong corporate earnings to act as major catalysts going forward, and consequently opening up attractive profit taking opportunities for investors.

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