The Nigerian Capital Market and Selected Macroeconomic Variables: An Econometric Analysis

Okorontah, Chikeziem Fortunatus
Department of Social Sciences
(Economics)
Rhema University Nigeria, Aba Abia State

John, Onyedikachi Ogba
Department of Physical Sciences
(Statistics)
Rhema University Nigeria, Aba Abia State

DOI: 10.56201/ijssmr.v8.no2.2022.pg26.37

Abstract

Capital market is the major components of a modern market-based economic system as they serve as the channel for the flow of long-term financial resources from the savers of capital to the borrowers of capital. Efficient capital markets are hence essential for economic growth and prosperity. Hence this study using econometric analysis investigated the effects of some key macroeconomic variables on the Nigerian Capital Market. Secondary data sourced from Central Bank of Nigerian (CBN) Statistical Bulletin from 1981 – 2019 were employed. The data was checked for stationarity using the Unit Root Test and OLS regression analysis (through E-view package) was carried out to achieve the objective of the study. All the variables were integrated of order 1(1) except Inflation rate (INFR) that was integrated of order 1(0), therefore we ran the regression following the order of integration. The regression result depicted that, all the variables were rightly signed. However, only Money supply (MNSY) had significant relationship with market capitalization (MKCN) – proxy of Capital Market. The result is acceptable though the joint effect of the explanatory variables (R^2 Adjusted = 0.48) on capital market is not so high but from the Durbin-watson statistic there is no existence of autocorrelation in the model. The study concluded that, the relationship between the selected key macroeconomic variables and the Capital Market was not strong by the time of this study, but could be improved through appropriate policies of the Government. We therefore recommend among other things that government promote policies that will encourage industrial production as this may improve the performance of some macroeconomic variables that affect the growth of the Capital Market.

Keywords: *Capital Market, Macroeconomic variables, Econometric analysis, Financial Market and Stationarity*

1. INTRODUCTION

The Nigerian capital market is a subset of the Nigerian Financial markets which constitute a major sub of the Nigerian financial system that play significant roles in the economy. They facilitate the mobilization, allocation and re-allocation of financial resources within the economy. Thus, the success of any financial system is hinged on its level of efficiency in resources allocation within the economy. The capital market is an essential part of an economy as it is a key element of an emerging economy in the world. (Islam, Mostofa, & Afrida, 2017). Capital market is mostly regarded as equity market, and it is an important part of an economy to provide access to capital and ownership of a company for investors.

Through mobilization of resources the stock market promotes economic growth by providing avenue to pool large and long-term capital through issuing of shares and stocks and other equities for industries in dire need of finance to expand their business. Thus, the overall development of the economy is a function of how well the stock market performs, and empirical evidences have proved that development of the capital market is sine qua non for economic growth. While developed economies have fully explored the mobilization of resources through the capital market, the developing countries are yet to fully usurp the benefits of raising capital via the capital market.

Capital market is the major components of a modern market-based economic system as they serve as the channel for the flow of long-term financial resources from the savers of capital to the borrowers of capital. Efficient capital markets are hence essential for economic growth and prosperity. Thus, a rising capital market is an indicator of an expanding economy. Like any other capital market elsewhere in the world, the Nigerian Capital Market exists to provide long term capital for economic and infrastructural development. One major objective for the establishment of the Nigerian Capital Market is to enable corporate institutions and government to raise quick capital to accelerate economic development. In line with this objective, the Nigerian Capital Market has gained prominence by facilitating tremendously the divestiture and privatization of some state-owned enterprises (Nwangwu, 2013). The privatization of state-owned enterprises create avenue for diversification of portfolio for investors which improve income. The investors can realize gains based on future performance of companies by investing in the capital (secondary) market. The gain or return can be influenced by various factors which are responsible for the movement of share prices.

Economic theory and empirical studies consider stock prices, market capitalization, and thus, market index to be among the best indicators of change in economic activity. This intellectual curiosity gained ascendancy in the last two decades due to the increasing belief that real economic activities often impact on stock prices and total stock market capital generation. It has also been discovered that movements in macroeconomic variables affect future dividends as well as discount rates, thus affecting stocks. However, the Nigerian Market Capitalization is illustrated thus to have reported at 28.127 NGN trillion in Jan 2020. This records an increase from the previous number of 25.890 NGN trillion for Dec 2019. Nigeria Stock Exchange data is updated monthly, averaging 16.100 NGN trillion from Jun 2008 to Jan 2020, with 140 observations. The data reached an all-time high of 28.127 NGN trillion in Jan 2020 and a low record of 7.030 NGN trillion in Dec 2009. (Edame and Okoro, 2013).

Before the introduction of the Structural Adjustment Programme (SAP) in Nigeria, the capital market was grossly underutilized and only very few Nigerians invested in the capital market as a result of inadequate awareness and apathy by Nigerians cum low macroeconomic variables performance within the economy. But since the deregulation of the economy in 1986, the stock market has grown very significantly. For example, with a market capitalization of less than five (5) trillion in the 1990s the stock market in Nigeria attained

over thirteen (13) trillion market capitalization in 2007 before the global economic meltdown, and has grown further as at 2019 regardless of the recent economic recession in 2017. No doubt, a relationship exists between stock market development and macroeconomic growth of the economy. Stock market index are generally believed to be determined and influenced by some fundamental macroeconomic variables such as interest rate, inflation, money supply, exchange rate, economic growth, portfolio investment, domestic credit, etc (Robert, 2008).

2. LITERATURE REVIEW

2.1 Conceptual Literature

2.1.1 Concept of macroeconomics

Macroeconomics is a subset of economics that looks at the behavior and performance of an economy as a whole. It focuses on the aggregate changes in the economy such as money supply, unemployment, gross domestic product, inflation, etc. Macroeconomic Policies is also known as macro Policy, which is defined as policy that affects the whole country (or region). It is concerned with monetary, fiscal, trade and exchange rate conditions as well as with economic growth, inflation and national employment levels.

The primary goal of effective macroeconomic policies is to reduce uncertainty and risk in economic decision-making. A stable macroeconomic environment enhances prospects for growth and improved living standards. But stability is not the only concern: these policies also have an important impact on how income is distributed across economic classes and across generations. (World Bank's Development Report, 2014). The key objective of macroeconomic policies is to maximize the level of national income, providing economic growth to raise the utility and standard of living of participants in the economy. There are also a number of secondary objectives which are held to lead to the maximization of income over the long run.

Table 2.1: Macroeconomic objectives

Macroeconomic Objectives	
Economic Growth	High and sustainable economic growth
Low Inflation	Low Inflationary target
Low Unemployment	Low Unemployment. (Less Than 3% is often
Satisfactory balance of payments	Avoid large deficit on the current account balance of payments.
Low government borrowing	e.g. public sector debt less than 60%. Budget deficit less than 3%.
Stable exchange rate	Avoid destabilizing devaluation/appreciation
Minimize inequality	Avoid high Inequality
Protect Environment	Important for every long run economic growth

Source: www.economicshelp.org

While there are variations between the objectives of different national and international entities, most follow the ones detailed below:

- **Sustainability**- a rate of growth which allows an increase in living standards without undue structural and environmental difficulties.
- **Full employment** - where those who are able and willing to have a job can get one, given that there will be a certain amount of frictional, seasonal and structural unemployment (referred to as the natural rate of unemployment).
- **Price stability** - when prices remain largely stable, and there is no rapid inflation or deflation. Price stability is not necessarily the same as zero inflation, but instead a steady level of low-moderate inflation is often regarded as ideal. It is worth noting that prices of some goods and services often fall as a result of productivity improvements during periods of inflation, as inflation is only a measure of general price levels. However, inflation is a good measure of 'price stability'. Zero inflation is often undesirable in an economy. ("Internal Balance" is used to describe a level of economic activity that results in full employment with no inflation.).

.

2.1.2 Concept of Capital Market

Capital market is the market where medium to long-term finance can be raised and also made available to borrowers. In this market, lenders provide long term funds in exchange for long term financial assets offered by borrowers. Capital market could be simply described as the market for dealings (Lending and borrowing) in longer-term loan able funds and equity shares. The market according to him is made up of the primary and secondary markets. The primary (new issue) market is concerned with raising new capital. The secondary market is the market for the sale and purchase of existing securities, which are already in people's hand, enabling savers who purchased bonds and shares when they had surplus funds to recover their money when they need cash (Kareem, Sanni, Raheem & Bakare, 2013). The central task of the capital market is the mobilization of funds in the hands of myriad individuals who save and the pooling and channeling of such funds into productive uses. It is the most important institution for massive capital formation geared towards economic development. This market embraces both the new issues (primary) market and secondary market. Thus, it is a mechanism whereby economic unit desirous to invest their surplus funds, interact directly or through financial intermediaries with those who wish to procure funds for their businesses. There are different components that are used to measure the performance of the stock or capital market. The components include All Shares Index (ASI), Stock Returns (SR), Market Capitalization (MC), Number of Shares (NOS), Value of Traded Stock (VTS), etc., Nwankwo (1991). However, market capitalization is considered for the purpose of this study.

2.2. Theoretical Literature

2.2.1. Financial Economic Theory

One way of linking macroeconomic variables and capital market returns is through the Arbitrage Pricing Theory (APT) where multiple risk factors can explain asset returns. APT holds that the expected return of financial asset can be modeled as a linear function of various macroeconomic factors or theoretical market indices, where sensitivity to change in each factor is represented by a factor specific beta coefficient. It is often viewed as an alternative to the Capital Asset Pricing Model (CAPM), since it has more flexible assumptions. Whereas the CAPM requires the market's expected return, the APT uses the

risk assets expected return and the risk premium of a number of macroeconomic factors. The basis of APT is the idea that the price of a security is driven by a number of factors. These factors could be macroeconomic factors or company specific factors. APT does not rely on measuring the performance of the market, instead it directly relates the price of the security to the fundamental factors driving it. (Ross, 1976),

2.2.2. The Fundamental Theory

This theory posits that, at any point in time, an individual security has an intrinsic or true value, which is the present value of the future receipts accruing to the security holder. The theory also holds that, the intrinsic value of the security depends on some essential factors affecting the company, the industry and the economy. The principal discussion variables in fundamental analysis are earnings and dividends. Earnings depend on the relationship between expected sales and costs, which are affected by several factors, internal to the firm's operating environment. Therefore, the fundamentalists forecast stock prices on the basis of economic industry and company statistics (Pratten, 1993).

2.2.3. The Technical Theory

The technical school on the other hand, opposes the fundamentalists' agreements. According to Foley (1991), technical analysis, also referred to as Chartism, takes the view that in attempting to predict the future course of share prices it is useful to focus on the past behavior of share prices. Chartists argue that share prices move in trends and patterns, which periodically repeat themselves so that the key to making gains is to recognize these patterns before others. According to technical analysis, it really does not matter in which industry or market the company operates, the use of chart is sufficient to detect the likely movement in the prices of its shares. To some writers, technical analysts engage themselves in studying changes in market prices, the volume of trading and investors' attitude. They therefore argue that, the Technical analysis is faulty in the sense that it does not have any basis, nor does it want to investigate to know why a particular share price is predicted to rise or fall. All that is important is that the movement is indicative of a rise or a fall

2.3. Theoretical Framework

This study adopts macroeconomic hypothesis school of thought that believes that stock prices are sensitive to changes in macroeconomic variables. Stock valuation models such as Asset Pricing Theory (APT), introduced by Ross (1976) specify that the current price of equity share is approximately equal to the present value of all future cash flows to the equity. It then follows that any economic variable that affects cash flows and required rate of return in turn influences the share price as well. The model emphasizes long-run relationship between macroeconomic variables and stock market prices. This study adopts APT model which theoretically explains this relationship between macroeconomic variables and stock market prices. Asset pricing explains how financial assets are priced, why prices change, as well as how the prices are related to the underlying macroeconomic variables.

2.4. Empirical Review

Several studies have been carried out both in Nigeria and abroad to examine the relationship between macroeconomic variables and capital market performance. Some of such studies include the study of Chen et al. (1986), who explored a set of macroeconomic variables as systematic influence on stock market returns by modeling equity return as a function of macroeconomic variables and non-equity assets returns for the US economy. They

empirically found that the macroeconomic variables such as industrial production, anticipated and unanticipated inflation, yield spread between the long and short term government bond significantly explained the stock returns. The authors showed that the macroeconomic variables systematically affect the stock return via their effect on future dividends and discount rates.

Looking at Turkish stock exchange, Kandir (2008) investigated the role of macroeconomic factors in explaining Turkish stock returns from July 1997 to June 2005. Macroeconomic variables used were growth rate of industrial production index, change in consumer price index, growth rate of narrowly defined money supply, change in exchange rate, interest rate, growth rate of international crude oil price and return on the MSCI World Equity Index. The analysis was based on stock portfolios rather than single stocks. It was found that exchange rate, interest rate and world market return seem to affect all of the portfolio returns, while inflation rate was significant for only three of the twelve portfolios. On the other hand, industrial production, money supply and oil prices had no significant effect on stock returns.

Talla (2013) studied the impact of macroeconomic variables on share price for Stockholm stock exchange using monthly data for the period, 1993 to 2012. The study was estimated using the ordinary least squares method, and Granger causality tests and found that: inflation, interest rate and exchange rate negatively affected returns while money supply was positively related though not significant in the study. Furthermore, the study found unidirectional Granger causality between all the variables except inflation.

.Barakat, Elgazzar and Hanfy (2016) studied the relationship between macroeconomic variables and stock returns for Egypt and Tunisia using VAR and Granger causality tests for the period 1998- 2014. Findings from the study indicated a causal relationship between the macroeconomic variables and share price for Egypt while for Tunisia only consumer price index which had no causal relationship with stock returns. Results also revealed that the four macroeconomic variables are co-integrated with the stock market in both countries.

Kibria, Mehmood, Arshad and Sajid (2014) used descriptive analysis, regression analysis, correlation analysis and Granger Causality tests with annual data from 1991 to 2013 to examine the impact of macroeconomic variables on stock returns. Their regression results established a positive relationship between macroeconomic variables and stock returns while Exchange rate and GDP were found to unidirectional granger cause money supply; on the other hand GDP and savings unidirectional granger caused the stock market index.

Chude,Ifurueze and Chude (2015) examined the impact of macroeconomic variables on stock market returns in Nigeria. Their study covered the period of 1990 to 2012 and using multiple regression technique discovered that macroeconomic variables such as Gross Domestic Product (GDP), Inflation Rate (INFR) and Monetary Policy Rate (MPR) improve the returns in the Nigerian stock market thus revealing also that reduction in INFR and MPR improve the return in the stock market within the period.

Another study was Asekome and Agbonkhese (2015) who examined macroeconomic variables, stock market bubble, and meltdown and recovery evidence in Nigeria from 2007-2013. Relying on the Ordinary Least Square (OLS) regression technique, the study examined the joint impact of Gross Domestic Product (GDP), Money Supply (M2), Exchange Rate (EXR), Capacity Utilization (CAU), and Inflation (INF) on All Share Index (ASI). Their result shows that the coefficients of gross domestic product and money supply were statistically significant while the remaining three: exchange rate, capacity utilization and inflation were not significant. They also observed that the post meltdown macroeconomic

policies including banking sector reforms contributed to the gradual recovery of the stock market.

Adam and Tweneboah (2008) examined the influence that macroeconomic variables had on the Ghanaian stock market (represented by the Databank Stock Index). They concluded that the stock market in Ghana was significantly influenced by macroeconomic forces such as the interest rate, inflation, foreign direct investment and the exchange rate. The results of the co-integration test showed that treasury bills (the proxy for short-term interest rates) had a negative and significant relationship to stock price returns, while foreign direct investment had a positive and significant relationship. Inflation and exchange rates have a negative but insignificant relationship (at 5% level of significant) to stock market returns.

Islam, Mostofa and Afrida (2017) consider gross domestic product (GDP), consumer price index (CPI), inflation rate (INFR) and foreign direct investment inflows (FDI) as proxy of macroeconomic determinants while also considering market capitalization (MC), total issued capital (TIC) and market turnover (MTR) as proxy for institutional determinants of capital market performance of Dhaka Stock Exchange. Using multiple regression technique, the study revealed that both institutional and macroeconomic variables significantly influence the capital market performance.

Garg and Karla (2018) analyze the relationship between selected macroeconomic factors and Indian stock market price within the period of 1991 to 2017. Using Pearson correlation discovered that there is a positive relationship between the Stock market and macroeconomic factors except average inflation and unemployment rate as they showed negative relationship.

Maku and Atanda (2009) also analyzed the short-run and long-run impact of macroeconomic variable on Nigerian capital market from 1984 to 2007. The macroeconomic factors (independent variables) used for the study were real output, exchange rate, inflation rate and money supply. The outcome of the study from Error Correction Model revealed that all share indexes is more receptive to chosen factors and hence, the macroeconomic factors have no serious effect on share index.

Adekunle, Alalade and Okulenu (2016) investigate the impact of macroeconomic variables on capital market growth with particular emphasis on the effect of macroeconomic pricing variables such as interest rate, inflation rate, and exchange rate on capital market growth. Multiple regression analysis of the ordinary least square was employed to determine the impact of the selected macroeconomic variables on capital market growth for the period between 1985 and 2013. Findings of the study revealed that interest rates have an adverse effect on capital market growth. It also revealed that a 1% increase in interest rate will lead to about 44% decrease in all share price index; this implies that as the rate of interest increases, the performance of the capital market deteriorates. Inflation rate and exchange rate were however not significant, especially at the 5 percent level of significance..

Asaolu and Ogunmuyiwa (2011) investigated the impact of key macroeconomic variables on Average Share Price (ASP) and goes further to determine whether changes in macroeconomic variables explain movements in stock prices in Nigeria. Various econometric analysis such as Augmented Dickey Fuller (ADF) test, Granger Causality test, Co-integration and Error Correction Method (ECM) were employed on time series data from 1986-2007 and the results revealed that a weak relationship exists between ASP and macroeconomic variables in Nigeria...

3. Empirical Model.

Annual series data were used for this analysis. The data were sourced from central Bank of Nigerian statistical bulletin (various years). The study covered the period 1981-2019. Following the objective of the study, ordinary least square (OLS) techniques were employed to investigate how macroeconomic variables effect market capitalization.

The functional form is stated as:

$$MKCN = f\left(INFR, MNSY, INTR, EXCR, GDP\right) \quad 3.1$$

In order to see whether the above macroeconomic variables could explain Market Capitalization, equation (3.1) above is transformed econometrically as

$$MKCN_t = \alpha_0 + \alpha_1 INFR_t + \alpha_2 MNSY_t + \alpha_3 INTR_t + \alpha_4 EXCR_t + \alpha_5 GDP_t + U_t \quad 3.2$$

Where,
MKCN = Market Capitalization
INFR = Inflation rate
MNSY= Money supply
INTR= Interest rate
EXCR= Exchange rate
GDP = Gross domestic product
α_0 = intercept, $\alpha_1,...,\alpha_5$ are parameters to be estimated, and U = iid stocastic error term. (ie the disturbance term which is presumed to satisfy the least square assumption of homoscedasticity, serial independence and normal distribution).

4. ECONOMETRIC ANALYSIS OF DATA AND INTERPRETATION OF RESULTS

4.1 Unit root test.

Table 4.1:

Variables	Augmented Dickey-Fuller Test Statistic	Test critical value at 5%	Order of integration
LOG(MKCN)	-6.223737	-2.9422	I(1)
LOG(GDP)	-3.858058	-2.9422	I(1)
INTR	-9.324450	-2.9422	I(1)
EXCR	-4.209602	-2.9422	I(1)
LOG(MNSY)	-2.984728	-2.9422	I(1)
INFR	-3.098734	-2.9399	I(0)

Source: Author's Computation from E-view package.

The unit root test showed that all the variables were integrated of order 1(1) except INFR that was integrated of order 1(0). We therefore run the regression following the variables' order of integration.

4.2 Regression Result

The main objective of this study is to determine the effect of key macroeconomics variables on the Nigeria capital market. This is estimated on the table below.

Table 4.2: Regression Result. (Dependent variable LOG(DIF_MKCN))

Variables	Coefficient	Standard Error	t-Statistic	P-values
C	-0.839083	5.932438	-1.414424	0.1807
LOG(DIF_GDP)	0.383375	0.284339	1.343579	0.4105
LOG(DIF_MNSY)	0.910001	0.193363	4.706169	0.0004
DIF_EXCR	-0.013010	0.015298	-0.850428	0.4105
INFR	-0.004897	0.012751	-0.384083	0.7071
DIF_INTR	-0.086135	0.059116	-1.457045	0.1688

R^2 = 0.500391, R^2 Adjusted = 0.482080, P rob(F-startistic) = 0.00704, Durbin-Watson statistic = 1.967870.

Source: Author's Computation from E-views package.

From table 4.2, the estimated model is:

$$Log(DIF\_MKCN) = -8.391 + 0.383Log(DIF\_GDP) + 0.910Log(DIF\_MNSY) - 0.013DIF\_EXCR - 0.005INFR - 0.086DIF\_INTR$$

4.3. Interpretation of result:

Many studies have been conducted to explore the relationship between the capital markets and macroeconomic variables theoretically and empirically. The results of these studies vary greatly regarding the effect of changes in some key macroeconomic variables on capital market.

From Table 4.2, we observed that Log(DIF_MNSY) was statistically significant at 5% level, while the other variables were not. The coefficient of determination (R^2) and the F-statistic were also significant. The Durbin-Watson statistic (1.967) suggests that there is no presence of serial autocorrelation in the model

The study found that GDP was positively related to MKCN and the relationship was statistically not significant. The reason for this could be that, the increase in gross domestic product (GDP) is as a result of the increase in the rate of inflation in the Nigerian economy. This illusionary increase in GDP may prompt the Capital Market to raise the value of stock price and the companies will increase the prices of their shares. If the increase in GDP was as a result of improved productivity, it will affect industrialization positively which will facilitate activities in the economy thereby improving the capital base of the capital market.

It was also found that EXCR, INTR and INFR were negatively related to MKCN and their impacts were insignificant. This negative relationship agrees with economic theory but the insignificant impact may be traced to weak economy with instability in prices and governance.

5. CONCLUSION, POLICY IMPLICATION AND RECOMMEDATION

5.1 Conclusion

This study empirically examined the effect of key macroeconomic variables on the Nigerian Capital Market. Capital market is the major components of a modern market-based economic system as they serve as the channel for the flow of long-term financial resources from the savers of capital to the borrowers of capital. Efficient capital markets are hence essential for economic growth and prosperity. Thus, a rising capital market is an indicator of an expanding economy. Like any other capital market elsewhere in the world, the Nigerian Capital Market exists to provide long term capital for economic and infrastructural development. Thus, the overall development of the economy is a function of how well the stock market performs and empirical evidences have proved that development of the capital market is sine qua non for economic growth. Based on the outcome of our empirical analysis, one can reach the conclusion that the strength of the macroeconomic variables to effect changes on the Capital Market is not strong enough to bring the desired change on the Capital Market, and hence the Capital Market may not rise to its full capacity for the development of the economy.

5.2 Policy Implication and Recommendations

The policy implication of our findings is that the Nigerian stock market is responsive to changes in macroeconomic factors. Hence, predicting stock price via changes in macroeconomic variables becomes possible and this can aid economic forecast, planning and growth. This means that if the government will articulate appropriate measures that will stimulate macroeconomic variables to impact positively in the capital market, there will be improvement in the performance of the Capital Market. Based on the policy implication of the study, we suggest that:

1. Government should put in place policies that will encourage industrial sector for the promotion of industrial production. These could involve increased spending on infrastructural facilities such as power and road construction.
2. The monetary authorities should endeavor to maintain a low interest rate and adopt a stable exchange rate that may spoor productivity and ensure price stability.
3. It is necessary to maintain price stability by strengthening economic production as this may help to control inflation.
4. However, volatile macroeconomic policies as well as the pricing system, instability in the policies and programs of government are substantial indicators of an imminent crisis in the capital market. As a result, it is important that sound

macroeconomic, sectoral and structural policies are applied to improve internal balance, ensure external sector variability and reduce the probability of occurrence of crisis in the stock market.

REFERENCES

Adam A. M. and Tweneboah, G. (2008), Do macroeconomic variables play any role in the stock market movement in Ghana? *MPRA working paper No. 9368.*

Adekunle, O. A., Alalade, Y. S. A. and Okulenu, S. A. (2016), Macroeconomic variables and its impact on the Nigerian Capital market growth; *IIARD International Journal of Economics and Business Management, (2)2*

Asaolu, T. O. and Ogunmuyiwa, M. S. (2011), An Econometric Analysis of the Impact of Macroeconomic Variables on Stock Market Movement in Nigeria. *Asian Journal of Business Management, (3)1*

Asekome, M. O. and Agbonkhese, A. O. (2015), Macroeconomic Variables, Stock Market Bubble, Meltdown and Recovery: Evidence from Nigeria. *Journal of Finance and Bank Management, (3)2*

Barakat, M. R. , ELGAZZAR, S. H. and Hanafy, K. M. (2016), Impact of Macroeconomic Variables on Stock Market: Evidence from Emerging Markets. *International Journal of Economics and Finance, (8)1.*

Chen, N. F; Roll, R; and Ross, S, A.(1986), Economic forces and the market. *Journal of Business, 59, (http://www.anderson.umich.edu.)*

Chude, D. I.; Ifurueze, M. S. and Chude, N. P. (2015), Impact of some selected macroeconomic variables on stock market returns in Nigeria. *EPRA International Journal of Economic and Business Review, (3)12.*

Edama, G. E. and Okoro, U. (2013), The impact of capital market and economic growth in Nigeria. *Public and policy Administration Research, (3)9.*

Foley, B. J. (1991), *Capital markets*. Hong-KONG: MacMillan.

Garg, K. and Karla, R. (2018), Impact of macroeconomic factors on Indian stock market. *KIIT Journal of management, (14)1*

Islam,, F. T..,Mostofa, M. S. and Afrida, A. T. (2017), Macroeconomic and Institutional Determinants of capital market performance in Bangladesh: A case of Dhaka exchange. *International Journal of academic research in accounting, finance and management sciences.(7)*

Kandia, S. Y. (2008), Macroeconomic variables, firm characteristics and stock returns: Evidence from Turkey. *International Research Journal of Finance and Economics (16)2*

Kareem, R., Sanni, S. Raheem, K. and Bakara, H.(2013). The Impact of Capital Market on the Nigerian Economy. *Journal of Economics and Sustainable Development: (4)8*

Kibria, U., Mehmood, Y., Arshad, M. U., and Sajid, M. (2014). The impact of macroeconomic variables on stock market returns: A case of Pakistan. *Research Journal of Management Sciences. (2)8*

Maku, O. E. and Atanda, A. A. (2009), Do macroeconomic variables exert shock on the Nigerian stock exchange? *Munich personal RePEc Archive, No. 17917*

Nwankwo, G. O.(1991), *Money and capital markets in Nigeria today*. Lagos, Nigeria: University of Lagos press.

Pratten, C. (1993*). The stock market*. Cambridge Syndicate press.

Robert, S. G. (2008). Effect of macroeconomic variables on stock market returns for four emerging economies: BRAZIL, RUSSIA, INDIA and CHINA. *International business*

economics research Journal. (7)3

Ross, S. A. (1976). The arbitrage theory of capital assets pricing. Journal of economic theory,(13)1. *http://www.anderson.umich.edu*.

Talla, J. T. (2013). Impact of macroeconomic variables on the stock market prices of the Stockholm stock exchange. *Jonkoping international business school Jonkoping University*.

World Bank's Development Report 2014. *www.economicshelp.ng* (retrived 12/2/22).

.

.