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EVALUATION OF THE CONTRIBUTION OF NIGERIAN STOCK MARKET ON ECONOMIC GROWTH; REGRESSION APPROACH

Obubu M [a*], Konwe C.S [b], Nwabenu D.C [c], Omokri Peter A [d], Chijioke M [e]

[a] Department of Statistics, Nnamdi Azikiwe University, P.M.B 5025, Awka, Nigeria
[b,c,d,e] Department of Mathematics and Statistics, Delta State Polytechnic, P.M.B 1030 Ogwashi-uku, Nigeria

ABSTRACT: *The paper evaluates the contribution of Nigerian Stock Market on Economic Growth. In order to achieve this, regression analysis and ordinary least square technique was employed. The result indicates a positive relationship between economic growth, all share index and market capitalization with a 99.1% R-square value and a 99% adjusted R-squared value implying that economic growth in Nigeria is adequately explained by the developed model. The result of this study which established positive links between the capital market and economic growth suggests that policies geared towards rapid development of the capital market should be initiated.*

KEYWORDS: *Nigerian Stock Market, Economic growth, Regression analysis, Gross domestic product, Market Capitalization, All share index, Value of Transaction, Total Number of Equities Listed, Augmented Dickey-Fuller Test, Breusch-Godfrey Test Serial Correlation Lm Test, Jarque Bera Test for Normality, Breusch-Pagan-Godfrey Test.*

INTRODUCTION

Capital Market is a financial market involving institutions that deal with securities with a life of more than one year. The Nigerian Capital Market of Nigerian Stock Exchange is a major player in the market for long-term funds. The instruments or securities traded in the capital market are known as capital market instruments. However, the capital market has both securities based segment (i.e. the stock exchange) and non-Securities based segment (market for long term loans). Capital market instruments can be categorized into 3 major groups of securities: preference shares, ordinary shares and debt instruments. Some of the other principal and active market operators in the Nigerian Stock Market include Stockbrokers, Investment Advisers, Issuing houses, Registrars, Fund Managers, Financial Advisers et cetera. The Nigerian Stock exchange is the center point of the Nigerian Capital Market. It provides a mechanism to mobilize private and public savings as well as making such funds available for productive purposes. The Nigerian Stock Exchange also assists in the allocation of the nation's capital resources amongst numerous competitive alternatives. The stock exchange can also be a mechanism, which can measure and detect the symptoms of an impending economic boom or decline long before the

predicted prosperity or decline actually occurs provided the market is either in the semi-strong or strong form of efficiency level. It is good to distinguish the capital market from the Stock Exchange in the sense that the capital market is much wider and bigger than the Stock Exchange. The Stock Exchange is just a participating institution in the capital market albeit it is the most active of all the participants. The activity of the Stock Exchange in the capital market is reflected by the Stock Exchange, which measures the activities on the capital market. The main objectives of the Nigerian Stock Exchange as enunciated in the Memorandum of Association of the company is to create an appropriate mechanism for capital formation and provide efficient allocation of resources among competing alternatives. It is also expected to provide special financing strategies for projects with long term gestation periods. In addition, it helps to maintain discipline in the capital market as far as the participants and the investors are concerned and as such, assists to broaden the share ownership in the market by providing the enabling environment and to provide and maintain fair prices for securities. The overriding objective of any financial system is the provision of a conducive atmosphere for the transfer of funds from the surplus sector of the economy to the deficit sector. The Capital Market, in the process of carrying out its function is faced with many challenges such as the effect of economic trends, financial restructuring and reforms by government, industrialization, and technology etc. the Capital Market is thereby required to adapt to the constantly changing trends in the economy. The market in Nigeria has been described as being shallow; this is due mainly to the market float that is very small and is measured by the ratio of securities in the market to the total listed securities outstanding. The challenge that lies ahead is to be able to increase and retain as many of our domestic individual and institutional investors as possible and simultaneously attract foreign ones to the Nigerian Capital Market. This can be achieved by being dynamic, innovative, and having an open mind so that new ideas can be absorbed and put productively in use. The market must be in a position to provide a spectrum of investment alternatives, new trading instruments with which investors can hedge their risk, as well as an environment which is honest, has sufficient structures and where policies are flexible enough to accommodate different investment needs. The Capital market has also been characterized by a number of market failures, one of which is asymmetric information, a situation in which one party to a transaction has less information than the other party. The pervasiveness of this phenomenon greatly undermines the efficiency of financial markets as mechanisms for allocating resources. Because geography and cultural distance complicate the acquisition information, asymmetric information is particularly prevalent globally. While the revolution in information asymmetric are lessened but not eliminated, therefore they are prone to the sharp investor reactions, unpredictable market movements and financial crisis that can occur when information is incomplete and financial markets behave erratically (Eichengreen and Musa 1998). Thus, in the absence of complete information, investors tend to rush in and out of the markets on rumor. The specific objectives of this paper is to present a working model for the Nigerian Capital Market as it relate to the Nigerian Economic Growth, to examine if Market Capitalization contributes to Economic growth and if the all share index contribute to Nigeria Economic growth.

METHODOLOGY

The data for this study was extracted from Central Bank of Nigeria Annual reports and Statistical Bulletin (Various Issues) from the National Bureau of Statistics. The time series data cover a period of 1961 to 2015. In an attempt to investigate the impact of the Nigerian stock market on Nigerian economy the following models were employed;

Multiple Linear Regression Model and Population Regression Function

The model is specified based on Demirguc-Kunt and Levine (1996) theory on the relationship between stock market earning and economic growth.

$$Y_1 = f(X_1, X_2 \ldots X_k, e) \qquad (1)$$

Where; Y_1 is Dependent variable, $X_1, X_2, \ldots, X_k$ are the Independent variables, e is the error term.
Thus the specific multiple linear regression model is formulated as:

$$GDP_t = f(MC_t, TR_t, ASI_t, MCR_t, NOD_t, VOT_t, VR_t, TNL_t) \qquad (2)$$

The model be explicitly stated as:

$$GDP_t=\beta_0+\beta_1 MC_t+\beta_2 ASI_t+\beta_3 TR_t+\beta_4 MCR_t+\beta_5 NOD_t+\beta_6 VOT_t+\beta_7 VR_t+\beta_8 TNL_t+e_t \qquad (3)$$

On taking natural logarithm of the variables to fit the model, the resulting estimation equation is given as:

$$\log(GDP_t)=\beta_1\log(MC_t)+\beta_2\log(ASI_t)+\beta_3\log(TR_t)+\beta_4\log(MCR_t)+\beta_5\log(NOD_t)+\beta_6\log(VOT_{t-1})+\beta_7\log(VR_t)+\beta_8\log(TNL_t)+e_t \qquad (4)$$

Where,
the priori expectation is $\beta_1 > \beta_2 > \beta_3 > \beta_4 > \beta_5 \beta_6 > \beta_7 > \beta_8 > 0$
GDP, ASI, MC, MCR, TR, VR, NOD represents Gross Domestic Product, All Share Index, Market Capitalization, Market Capitalization Ratio, Turnover Ratio, Total Value of Shares Traded Ratio, Total Number of Deal, Value of Transaction, Total number of listed equities respectively.

Augmented Dickey-Fuller Test

An augmented dickey-fuller test is a test for a unit root in a time series sample. The augmented dickey-fuller statistic, used in this test, is a negative number. The more negative it is, the stronger the rejection of the hypothesis that there is a unit root at some level of confidence.

Testing Procedure

H_o: $\gamma = 0$

$H_1: \gamma < 0$

$$DF_T = \frac{\hat{\gamma}}{SE(\hat{\gamma})}$$

Once a value for the test statistic above, is computed it can be compared to the relevant critical value for the Dickey-Fuller Test. If the test statistic is less (this test is non symmetrical so we do not consider an absolute value) than the (larger negative) critical value, then the null hypothesis of $\gamma = 0$ is rejected and no unit root is present.

Breusch-Godfrey Test Serial Correlation

The Breusch-Godfrey test is based on the idea of Lagrange multiplier testing, it is sometimes referred to as LM test for serial correlation. It is used to assess the validity of some of the modeling assumptions inherent in applying regression-like models to observed data series. In particular, it tests for the presence of serial dependence that has not been included in the proposed model structure and which, if present, would mean that incorrect conclusions would be drawn.

Consider a linear regression of any form, for example

$Y_t = \alpha_0 + \alpha_1 X_{t,1} + \alpha_2 X_{t,2} + u_t$

where the residuals might follow an AR(p) autoregressive scheme, as follows:

$u_t = p_1 u_{t-1} + p_2 u_{t-2} + \ldots + p_p u_{t-p} + \varepsilon_t$

Breusch and Godfrey proved that, if the following auxiliary regression model is fitted

$\hat{u}_t = \alpha_0 + \alpha_1 X_{t,1} + \alpha_2 X_{t,2} + p_1 u_{t-1} + p_2 u_{t-2} + \varepsilon_t$

and if the usual R2 statistic is calculated for this model, then the following asymptotic approximation can be used for the distribution of the test statistic

$$nR^2 \sim \chi_p$$

when the null hypothesis H_o: *{ pi = 0 for all i }* holds (that is, there is no serial correlation of any order up to *p*). Here n is the number of data-points available for the second regression, that for

n = T - p,

where T is the number of observations in the basic series. Note that the value of n depends on the number of lags of the error term (*p)*

2.4 Jarque-Bera Test for Normality

$$JB = \frac{n - k}{6}\left(S^2 + \frac{1}{4}(C - 3)^2\right)$$

where *n* is the number of observations and *k* is the number of regressors when examining residuals to an equation.

Breusch - Pagan Test

This test is used to test the heteroskedasticity in a linear regression model. It tests whether the estimated variance for the residuals from a regression are dependent on the values of the independent variables. In that case, heteroskedasticity is present. The Breusch - Pagan test is based on models of the type

$$\sigma_i^2 = h(z_i' \gamma)$$

for the variances of the observations where $z_i = (1, z_{2i}, \ldots, z_{pi})$ explain the difference in the variances.

The following Lagrange multiplier (LM) yields the test statistic for the Breusch - Pagan test.

$$LM = \begin{pmatrix} \frac{\delta l}{\delta \theta} \end{pmatrix}' \left(- \mathbf{E} \begin{pmatrix} \frac{\delta^2 l}{\delta \theta \, \delta \theta'} \end{pmatrix} \right)^{-1} \begin{pmatrix} \frac{\delta l}{\delta \theta} \end{pmatrix} \sim \chi^2_{p-1}$$

under the null hypothesis of Homoscedasticity

DATA ANALYSIS AND RESULT

3.1 Stationarity Test

Statement of Hypothesis

H_o: There is unit root in the series.

H_1: There is no unit root in the series (the series are stationary)

Decision Rule

Reject Null Hypothesis if the p-value is less than the level of significance.

Table 1: Unit Root Test

Group unit root test: Summary				
Series: ASI, GDP, MC, NOD, MCR, TNL, TR, VOT, VR				
Sample: 1961 2015				
Exogenous variables: Individual effects				
Automatic selection of maximum lags				
Automatic lag length selection based on SIC: 0 to 10				
Newey-West automatic bandwidth selection and Bartlett kernel				
			Cross-	
Method	Statistic	Prob.**	sections	Obs
Null: Unit root (assumes common unit root process)				
Levin, Lin & Chu t*	5.67259	1.0000	9	376
Null: Unit root (assumes individual unit root process)				
Im, Pesaran and Shin W-stat	-9.12436	0.0000	9	376
ADF - Fisher Chi-square	214.151	0.0000	9	376
PP - Fisher Chi-square	294.143	0.0000	9	404
** Probabilities for Fisher tests are computed using an asymptotic Chi				
-square distribution. All other tests assume asymptotic normality.				

From the table above, we can deduce that all the series are stationary at 1%, 5% and 10% level of significance at first difference.

Table 2: Descriptive Statistics

	ASI	GDP	MC	NOD	MCR	TNL	TR	VOT	VR
Mean	14298.43	15123.82	3855.149	749285.0	0.165418	257.8333	63.30438	355040.8	13.35541
Median	7551.550	3888.050	386.1500	190016.0	0.104411	264.0000	60.89449	21112.55	6.674824
Maximum	57990.20	80222.13	19077.42	3535631.	0.638113	310.0000	175.5881	2350876.	69.11109
Minimum	127.3000	67.90000	6.600000	20525.00	0.058581	192.0000	10.19290	225.4000	0.775713
Std. Dev.	15049.24	22708.33	5822.270	994532.3	0.126874	30.16173	38.05071	588414.2	15.91670
Skewness	1.040999	1.745152	1.358914	1.464166	2.013925	-0.72285	0.649929	1.906407	1.984217
Kurtosis	3.481675	4.859729	3.474663	4.259655	7.564662	2.968790	3.732958	6.098016	6.879386
JarqueBera	5.708408	19.55101	9.514861	12.70232	46.32464	2.613824	2.783575	30.16907	38.49762
Probability	0.057602	0.000057	0.008588	0.001745	0.000000	0.270655	0.248630	0.000000	0.000000
Sum	428952.8	453714.5	115654.5	22478550	4.962548	7735.000	1899.131	10651223	400.6622
SumSq.Dev	6.57E+09	1.50E+10	9.83E+08	2.87E+13	0.466815	26382.17	41987.84	1.00E+13	7346.902
Obs	30	30	30	30	30	30	30	30	30

The descriptive statistics table shows the mean, median, standard deviation, skewness, kurtosis, and number of observations of all the variables entered.

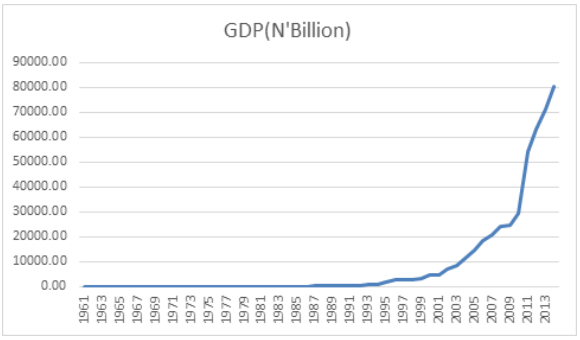

Figure 1: Time plot of Gross Domestic Product for a period of 1961 to 2015.

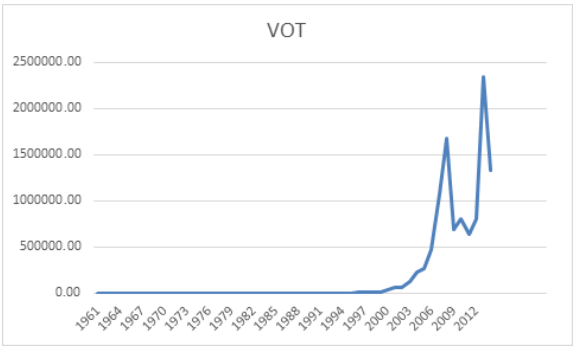

Figure 2: Time Plot of Value of Transaction for a period of 1961 to 2015.

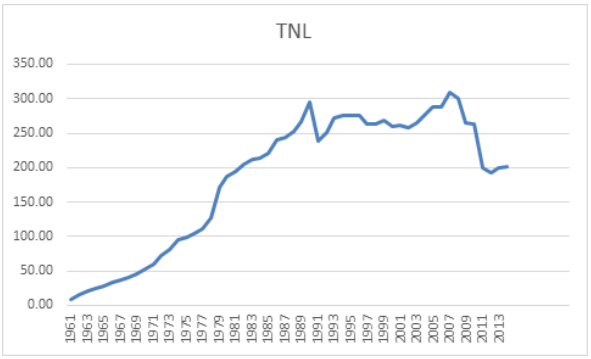

Figure 3: Time Plot of Total Number of Equities Listed for a period of 1961 to 2015.

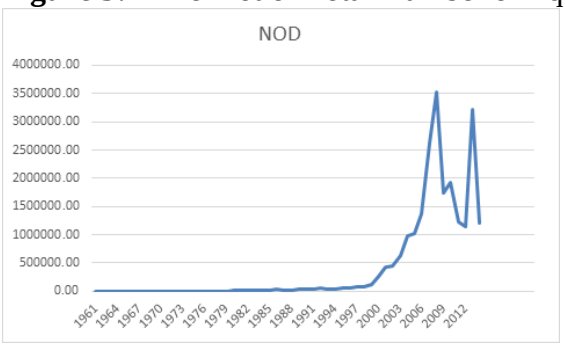

Figure 4: Time plot of Number of Deals for a period of 1961 to 2015.

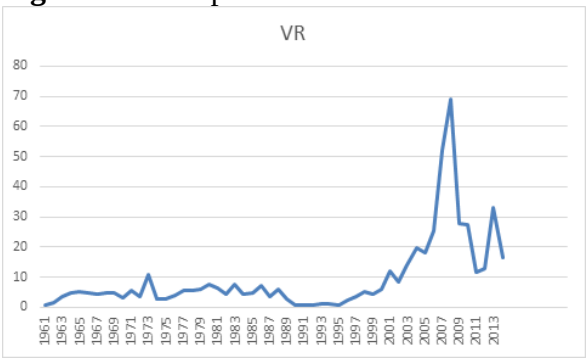

Figure 5: Time plot of Total Value of Shares Traded Ratio from 1961 to 2015.

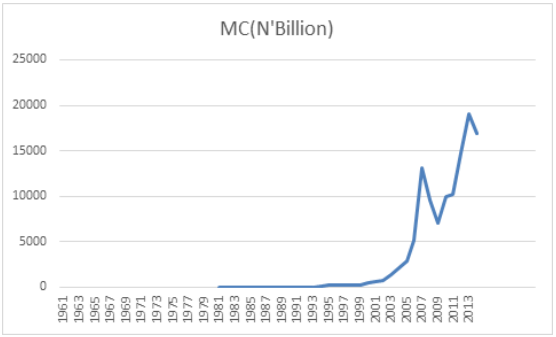

Figure 6: Time Plot of Market Capitalization for a period of 1961 to 2015.

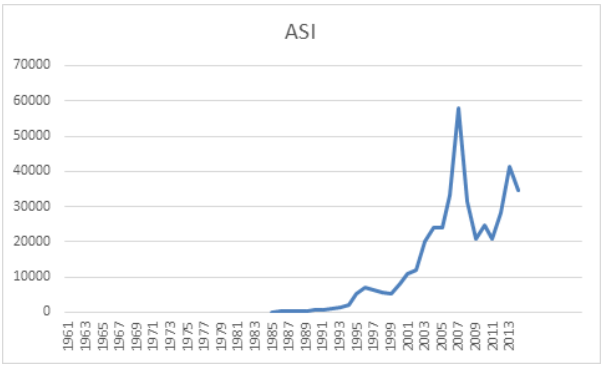

Figure 7: Time plot of All Share Index for a period of 1961 to 2015.

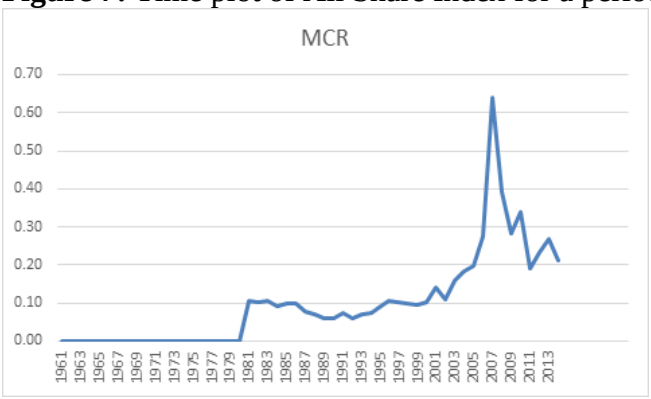

Figure 8: Time plot of Market Capitalization Ratio for a period of 1961 to 2015.

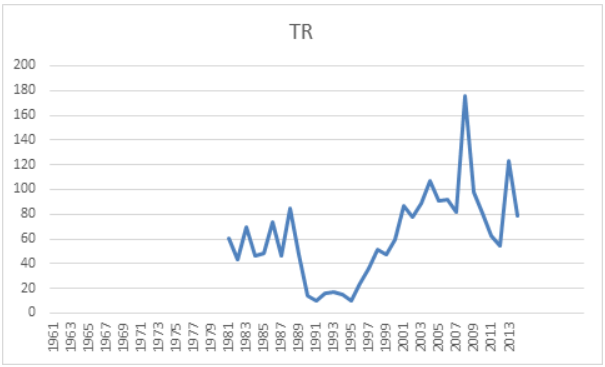

Figure 9: Time plot of Turnover Ratio for period of 1961 to 2015.

Table 3: Correlation Matrix

	ASI	GDP	MC	NOD	MCR	TNL	TR	VOT	VR
ASI	1.000000	0.706603	0.846723	0.873031	0.908835	0.004468	0.655509	0.809969	0.819825
GDP	0.706603	1.000000	0.942002	0.656189	0.485947	-0.604801	0.427905	0.824907	0.438062
MC	0.846723	0.942002	1.000000	0.823674	0.721172	-0.413788	0.518279	0.923671	0.653361
NO	0.87303	0.65618	0.82367	1.00000	0.86609	0.01440	0.78289	0.92437	0.93921

D	1	9	4	0	7	4	4	1	4
MCR	0.908835	0.485947	0.721172	0.866097	1.000000	0.203256	0.617928	0.710672	0.899938
TNL	0.004468	-0.604801	-0.413788	0.014404	0.203256	1.000000	0.043691	-0.263364	0.242926
TR	0.655509	0.427905	0.518279	0.782894	0.617928	0.043691	1.000000	0.668873	0.825388
VOT	0.809969	0.824907	0.923671	0.924371	0.710672	-0.263364	0.668873	1.000000	0.783735
VR	0.819825	0.438062	0.653361	0.939214	0.899938	0.242926	0.825388	0.783735	1.000000

The correlation matrix shows the nature and strength of the linear association or relationship between all the variables entered.

Table 4: Model Summary

Dependent Variable: LOG(GDP)				
Sample (adjusted): 1985 2015				
Included observations: 30 after adjustments				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	11.14131	2.068004	5.387471	0.0000
LOG(ASI)	0.516532	0.103574	4.987065	0.0000
LOG(MC)	0.438354	0.072694	6.030117	0.0000
LOG(TNL)	-1.826293	0.413947	-4.411904	0.0002
R-squared	0.991091	Mean dependent var		8.071192
Adjusted R-squared	0.990063	S.D. dependent var		2.195769
S.E. of regression	0.218882	Akaike info criterion		-0.077006
Sum squared resid	1.245637	Schwarz criterion		0.109820
Log likelihood	5.155096	Hannan-Quinn criter.		-0.017239
F-statistic	964.1522	Durbin-Watson stat		1.368608
Prob(F-statistic)	0.000000			

From table 4 we can deduce that All Share Index, Market Capitalization, and Total Number of listed Equities have a joint and individual significant effect on Economic Growth (Gross Domestic Product) with Total Number of listed Equities having a negative (opposite) linear relationship with the Gross Domestic Product. R-square supposes that All Share Index, Market Capitalization, and Total Number Of Listed Equity explains the variation in Gross Domestic Product by 99.10% while adjusted R-square gives the percentage of variation(99%) explained by only those independent variable that in reality affects the dependent variable. The Durbin-Watson statistics *(R^2 =0.9910< DW=1.3686)* suggest that the model is not spurious and it is devoid of

positive and negative autocorrelation (DW *=1.3686 > d_l = 1.07* and *DW =1.5033 < 4-d_u =2.17*) therefore can produce meaningful result when used for forecasting.

Table 5: Analysis of Variance Table

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	26.137	3	8.712	964.152	.000[b]
	Residual	.235	26	.009		
	Total	26.372	29			

a. Dependent Variable: GDP
b. Predictors: (Constant), ASI, TNL, MC

From Table 5 above it can be seen that the Fisher Ratio (F) Statistic affirms the value of the F-Statistic in the model summary table, which verifies that All Share Index, Market Capitalization, and Total Number of listed Equities have a joint significant effect on Economic Growth (Gross Domestic Product).

Normality Test

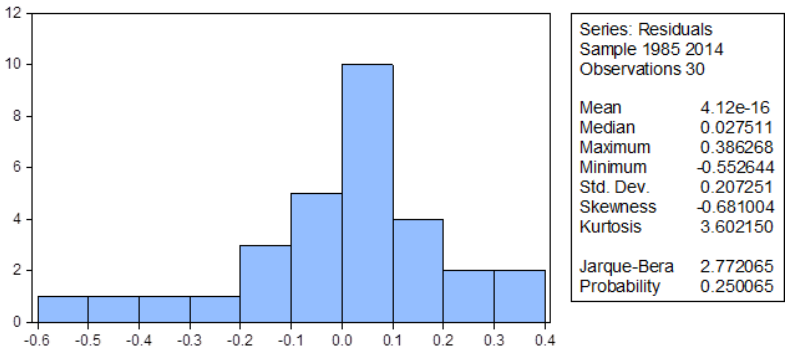

Figure 10*:* Jarque Bera Test for Normality

Statement of Hypothesis:
H_o: Residuals are Normally Distributed
H_1: Residuals are not Normally Distributed.

Decision Rule:
Reject Null Hypothesis if the p-value is less than the level of significance (5%).
From Figure 10 We conclude that the residuals follow a normal distribution (i.e. The dependent and independent variables in the model are normally distributed) at 5% level of significance.

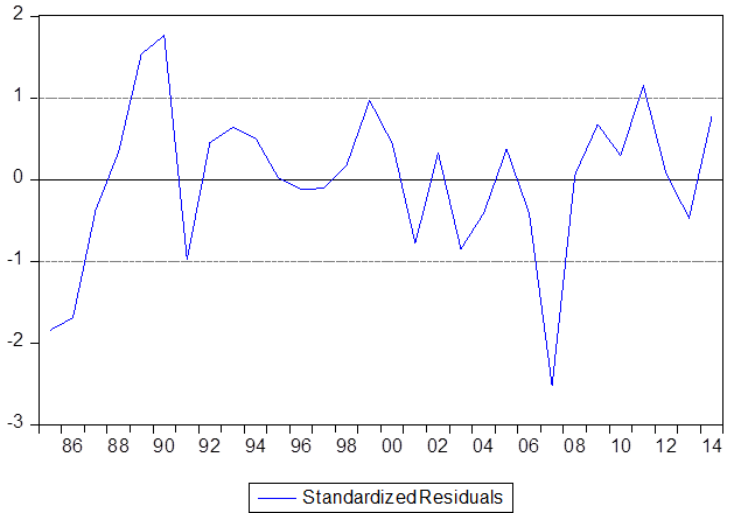

Figure 11: Standardized Residual Graph

The standardized residual graph on Fig 11 shows the standardized residuals of the observations are less than the absolute value of 3, it is considered that there is no potential outlier in the observations that will distort the relationships and significant tests.

Autocorrelation Test

Table 6: Breusch-Godfrey Test Serial Correlation Lm Test

Breusch-Godfrey Serial Correlation LM Test:				
F-statistic	1.396825	Prob. F(2,24)		0.2668
Obs*R-squared	3.127961	Prob. Chi-Square(2)		0.2093
Sample: 1985 2015				
Included observations: 30				
Presample missing value lagged residuals set to zero.				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.282962	2.278287	0.124199	0.9022
LOG(ASI)	0.014903	0.119559	0.124650	0.9018
LOG(MC)	-0.009399	0.083254	-0.112900	0.9110
LOG(TNL)	-0.063450	0.469886	-0.135033	0.8937
RESID(-1)	0.296479	0.207199	1.430889	0.1654
RESID(-2)	-0.239630	0.232319	-1.031469	0.3126
R-squared	0.104265	Mean dependent var		4.12E-16
Adjusted R-squared	-0.082346	S.D. dependent var		0.207251
S.E. of regression	0.215615	Akaike info criterion		-0.053784
Sum squared resid	1.115760	Schwarz criterion		0.226455
Log likelihood	6.806762	Hannan-Quinn criter.		0.035867
F-statistic	0.558730	Durbin-Watson stat		1.809616
Prob(F-statistic)	0.730397			

Statement of Hypothesis:
H_o: Residuals are not serially correlated
H_1: Residuals are serially correlated
Decision Rule:
Reject Null Hypothesis if the p-value is less than the level of significance (5%).
From Table 6, we can deduce that the residuals are not serially correlated at 5% level of significance.

Homoscedasticity Test
Table 7: Breusch-Pagan-Godfrey Test

Heteroskedasticity Test: Breusch-Pagan-Godfrey				
F-statistic	2.054522	Prob. F(3,26)		0.1308
Obs*R-squared	5.748958	Prob. Chi-Square(3)		0.1245
Scaled explained SS	5.618181	Prob. Chi-Square(3)		0.1317
Sample: 1985 2015				
Included observations: 30				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-0.885524	0.611163	-1.448916	0.1593
LOG(ASI)	-0.068391	0.030610	-2.234313	0.0343
LOG(MC)	0.043400	0.021484	2.020162	0.0538
LOG(TNL)	0.224843	0.122335	1.837927	0.0775
R-squared	0.191632	Mean dependent var		0.041521
Adjusted R-squared	0.098359	S.D. dependent var		0.068124
S.E. of regression	0.064687	Akaike info criterion		-2.514956
Sum squared resid	0.108794	Schwarz criterion		-2.328130
Log likelihood	41.72434	Hannan-Quinn criter.		-2.455189
F-statistic	2.054522	Durbin-Watson stat		2.205782
Prob(F-statistic)	0.130840			

Statement of Hypothesis:
Null Hypothesis: Residuals are not Heteroscedastic.
Alternative Hypothesis: Residuals are Heteroscedastic.

Decision Rule:
Reject Null Hypothesis if the p-value is less than the level of significance (5%).
From Table 7, We conclude that the residuals are homoscedastic (i.e. the variance of error or probability distribution of error is the same across all the levels of the independent variables) at 5% level of significance.

Table 8 : Actual Line, Fitted Line and Residual Plot

obs	Actual	Fitted	Residual	Residual Plot
1985	4.21804	4.62157	-0.40353	* . | .
1986	4.23555	4.60596	-0.37041	* . | .
1987	4.65586	4.73692	-0.08106	. * | .
1988	4.93519	4.86203	0.07316	. |* .
1989	5.37898	5.04292	0.33605	. | .*
1990	5.58912	5.20285	0.38627	. | . *
1991	5.74332	5.95776	-0.21444	* | .
1992	6.27777	6.17920	0.09857	. |* .
1993	6.52781	6.38822	0.13959	. | * .
1994	6.80228	6.69186	0.11042	. |* .
1995	7.56693	7.56298	0.00395	. * .
1996	7.90201	7.92845	-0.02644	. *| .
1997	7.93809	7.96116	-0.02307	. *| .
1998	7.90411	7.86450	0.03961	. |* .
1999	8.06903	7.85702	0.21201	. | *
2000	8.42991	8.33438	0.09553	. |* .
2001	8.46064	8.63135	-0.17071	.* | .
2002	8.84107	8.76804	0.07303	. |* .
2003	9.04629	9.23248	-0.18619	.* | .
2004	9.34234	9.43237	-0.09002	. *| .
2005	9.58687	9.50534	0.08153	. |* .
2006	9.82901	9.92019	-0.09118	. *| .
2007	9.93582	10.4885	-0.55264	* . | .
2008	10.0981	10.0856	0.01253	. * .
2009	10.1184	9.97046	0.14791	. | * .
2010	10.2821	10.2177	0.06437	. |* .
2011	10.9005	10.6483	0.25220	. | *
2012	11.0550	11.0396	0.01541	. * .
2013	11.1731	11.2759	-0.10289	. *| .
2015	11.2926	11.1221	0.17043	. | *.

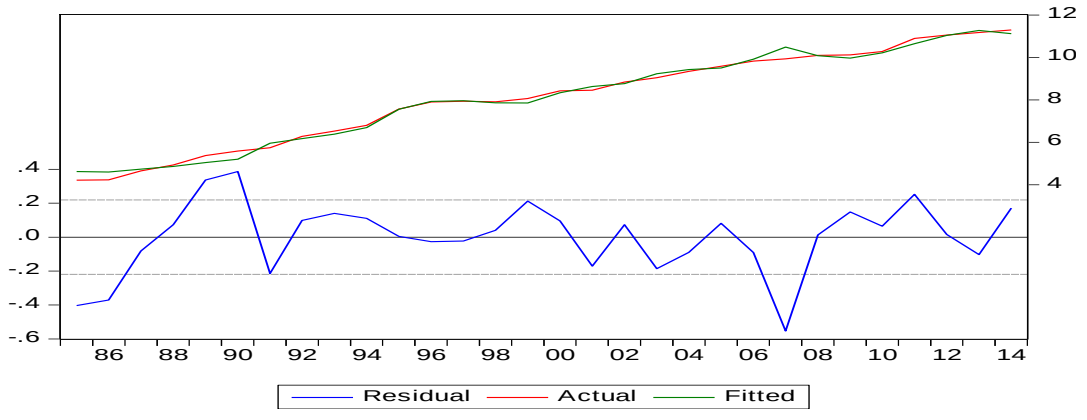

Figure 12: Actual Line, Fitted Line and Residual Plot

The figure above shows the actual values of dependent variable, the fitted or predicted values of the dependent variable and the difference between actual values and the fitted values (i.e. the residuals).

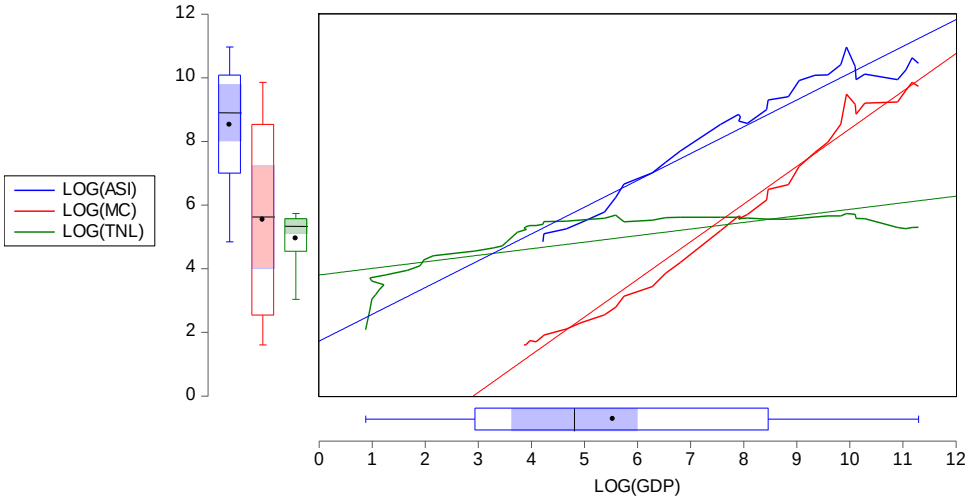

Figure 13: Linear Graph of GDP Vs ASI, MC&TNL.

Table 9: Regression Model

Estimation Command:
==========
LS LOG(GDP) C LOG(ASI) LOG(MC) LOG(TNL)

Estimation Equation:
==========
*LOG(GDP) = C(1) + C(2)*LOG(ASI) + C(3)*LOG(MC) + C(4)*LOG(TNL)*

Substituted Coefficients:
==========
*LOG(GDP) = 11.1413093538 + 0.516531501174*LOG(ASI) + 0.43835431997*LOG(MC) - 1.82629256192*LOG(TNL)*

CONCLUSION AND RECOMMENDATION

This study attempted to evaluate the contribution of Nigerian stock market on economic growth between the period of 1961 and 2015, by the use of some notable stock market variables, the relationship between stock market and economic growth was found to be positive. That the stock market promotes economic growth is not in

doubt. The Capital market serves as an important mechanism for effective and efficient mobilization and allocation of saving, a crucial function for an economy desirous of growth. We conclude that the Nigerian Capital Market contribute positively to Economic Growth. The result suggests that for a significant growth in the economy as to be contributed by the capital market, the focus of policy should be on measure to promote growth in the stock market. Thus, we recommend that,

- The regulatory authority should initiate policies and laws that would encourage more companies and the public to access the market to ensure effective and efficient functioning of the capital market.
- Securities and Exchange Commission should be more proactive in their surveillance role in order to check sharp practices which undermine market integrity and discourage investors from the capital market.
- Investment education should be encouraged in all facet of the population and should also be included in curriculum of higher institutions so that investors won't go in and out of the capital market blindly.
- The funds raised by government in the form of government securities in the capital market should be put into productive sectors of the economy that will necessitate to growth in all facets of the economy.

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