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CAPITAL MARKET AND ECONOMIC GROWTH IN AFRICA: FOCUS ON NIGERA (2005-2024)

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Abstract

This study examined capital market and economic growth of Nigeria (2005-2024). The study was carried out to ascertain the contributions of the capital market to the Nigeria Gross' Domestic Product (GDP) using stock market Capitalization, new issues and all share index. In line with above, three research purposes, three research questions and three hypotheses guided the study. The researchers employed ex-post facto research design hence only secondary source of data from central of Nigeria statistical Bulletin (2005-2024) were sourced and used. The data collected were analyzed using Pearson test of correlation at 0.05 level of significance Based on the data analysis, it was discovered that there is significant relationship between stock market capitalization and Nigeria GDP: there is significant relationship between new issues and the Nigeria GDP: and there is no significant relationship between all share index and Nigeria GDP. Based on the findings, it was recommended that there is need for availability of more investment instrument such as derivatives, convertibles, future and swaps options in the market. This will help to improve the Nigeria GDP and enhance economic development. Also, there is also need to restore confidence to the market by regulator}' authorities through ensuring transparency and fair trading transaction and dealing in the stock exchange.*

Keywords: Capital Market, Economic Growth, Firm Performance, Exchange Rate, Focus, Nigeria.

1.1 Background of Study

The Capital market is a subject of the financial system that is involved in the provision of long term funds for productive use. The capital market drives any economy's economic growth and development because it is necessary for long term capital formation (Osaze, 2007) but evidence from past studies have revealed a growing concern and controversies on the role of the capital markets on economic growth and development. According to Ndako (2020), the capital markets is viewed as a complex institution imbued with inherent mechanism through which long-term funds of the major sectors of the economy compromising households, firms, and government are mobilized, harnessed and made available to various sectors of the economy. For sustainable economic growth funds must be effectively mobilized and allocated

to enable businesses and the economies harness their human, material and management resources for optimal output.

Hence, the capital market is an economic institution which promotes efficiency in capital formation and allocation. In this case, economic development is the improvement, drastic transformation of human capital and infrastructural development in an economy (Ubah, 2017). It comprises high level of industrialization improved / mechanized agricultural economy, diversification of economy improvement in per capita income of the people, infrastructure development on capital transformation. The capital market contributes to economic growth through the specific services it performs either directly or indirectly. Notable among the functions of the capital market are mobilization of savings, creation of liquidity, risk diversification, improved dissemination and acquisition of information and enhanced incentive for corporate control. Improving the efficiency and effectiveness of these functions, through prompt delivery of their services can augment the rate of economic growth (Okeene - Onyiuke, 2000 and Obadan 2005)

Capital market is the market of buying and selling of medium / long term investment or financial instruments (equities and dept) in form of stocks and bonds of more than one year. Capital market channel savings and investment from suppliers of capital such as retail investors and institutional investors to users of capital like businesses, government and individuals. Capital markets are vital to the functioning of an economy, since capital is a critical component for generating economic output.

Capital markets include Primary markets, where new stock and bond issues are sold to investors and Secondary markets, which trade existing securities. All these are done through underwriting and computerized trading systems (Odo, Anoke and Onyeisi, 2017). The Nigeria capital market is regulated by the Securities and Exchange Commission and central bank of Nigeria (CBN). The size of capital market of the country should be relative to the size of the economy if real economic progress is to be achieved by the operations of the market, since the market moves resources from people who have it to organizations that need if for productive purposes which critically smoothes the growth of the economy.

Other financial institutions involved in the capital market include central bank, commercial banks, insurance companies pension funds unit trust, issuing houses, merchant banks etc (Odo, Anoke and Onye isi, 2017). Nigeria capital market dated back to colonial period during the British government times of searching for funds for running local administration. Most of these funds were derived from agriculture, marketing and solid minerals and mining. It was found that these sources where inadequate in meeting the growing financial position obligations of the, time so, the colonial administration decided to expand its revenue base by reforming the system of revenue mobilization through taxation and other revenue sources. With a market size of over 233 listed equities and gradual stability of the market resulting from the aftermath of the volatility induced by global economic crisis, there is a need to examine theoretical expectations with regards to the effect of Nigerian capital market on economic growth.

Ugwu (2016) observed that we could expect the growth effect of capital markets to be smaller in high-income than in middle-income countries. Consequently, this study is an attempt at

evaluation the relationship between capital market and economic growth and thus providing empirical evidence from Nigeria. In recent times there has been a growing concern on the role of capital market in economic growth and thus the capital market has been the focus of economic policies and policy makers because of the perceived benefits it provides for the economy. The capital market provides the fulcrum for stuck market activities and it is often cited as a barometer of business direction. An active capital market may be relieved upon to measure changes in the general level of economic activities.

1.2 Statement of the Problem

There is abundant evidence that most Nigerian businesses lack long term capital (Ndako, 2010) – The business sector has depended mainly on short-term financing such as overdrafts to finance even long-term capital – Based on the maturity matching concept, such financing is risky. All such firms need to raise an appropriate mix of short- and long-term capital. The extent to which developing economy (like Nigeria) have utilized capital market to enhance its economy growth has been in doubt. In most cases in Nigeria, Stock market capitalization is not effectively utilized; hence, the measure of capital market size is not effectively used to achieve capital market development which will have positive on economic development.

Not only that, the utilization of new issues has attracted criticism from public finance operators and analyst. Here, new issues (security that has been registered, issued and its being sold on a market to the public tor the first time) sometimes are not considered and effectively utilized to determine the market offering. More so, the utilization of all share index in some cases may not reflect the composite value of market characteristics; hence, inability to determine the average price of all companies on the stock exchange market. The above are the knowledge gap which are the major intent of this study; hence many studies in the past has been executed on capital market but have not considered the stock market capitalization, new issues and all share index as the major variables; hence the need for this study.

1.3 Objectives of the Study

The general objective of this study focused on capital market and economic growth of Nigeria – The specific purpose include to:

i. Evaluation of the relationship between stock market capitalization and Nigeria GDP
ii. Evaluation of the relationship between new issues and the Nigeria GDP
iii. Evaluation of the relationship between all shares index and the Nigeria GDP.

1.4 Research Questions

Based on our objectives of the study, the following research questions were formulated and used:

i. What is the relationship between stock market apitalization and Nigeria GDP?
ii. What is relationship between new issues and the Nigeria GDP?
iii. What is the relationship between all shares index and the Nigeria GDP?

1.5 Research Hypotheses

Based on our objectives of the study and research questions, the following hypotheses guided the study:

H_{01}: There is no significant relationships between stock market capitalization and Nigeria GDP

H_{02}: There is no significant relationship between new issues and the Nigeria GDP

H_{03}: There is no significant relationship between all share index and the Nigeria GDP.

2.1 Conceptual Review

2.1.1 Concept and Nature of Capital Market

According to Levine and Zervo (2005), the capital market is expected to encourage savings by providing individuals with an additional financial instrument that may better meet their risk preferences and liquidity needs. Better savings mobilization may increase the savings rate. Capital market also provides an avenue for growing's companies to raise capital at lower cost. In addition, companies in countries with development stock market are less dependent on bank financing, which can reduce the risk of a credit crunch. Stocks markets therefore are able to positively influence economic growth through encouraging savings amongst individuals and providing avenues for firm financing (Emeh and Chigbu, 2014). The challenge of economic growth is the availability of long term funding, far longer than the duration for which most savers are willing to commit their funds and this constitutes a barrier to economic growth. In this regards, capital market provides an avenue for the mobilization and utilization of long-term funds for development and hence it is referred to as the long term end of the financial system. Over the past few decades, globally there has been an upsurge in capital market as a tool for fast- tracking economic progress. Sule and Momoh (2009), argues that through the capital formation and allocation mechanism the capital market ensures an effective distribution of the scarce resources for the optimal benefit to the economy and it reduces the over reliance of the corporate sector on short term financing for long term project and also provides Opportunities for government to finance project aimed at providing essential amenities for socioeconomic development. I a study published at the beginning of the nines. Levine (2009), points out that capital markets can help the process of financial integration, financial intermediation and speed up the economic growth through two key processes. The first is by making property changes possible in the companies, whilst not affecting their productive process; the second is by offering higher possibilities of portfolio diversification to the agents.

2.2 Theoretical Review

2.2.1 Modern Portfolio Theory

Portfolio theory is about finding the balance between maximizing your return and minimizing your risk. The objective is to select your Investments in such as way as to diversify your risks while not reducing your expected return. While it does not replace the role of an informed investor, it can provide a powerful tool to complement an actively managed portfolio (Odo, Anoke and Onyeisi, 2017).

A portfolio probably consists of a number of stocks, bonds and mutual funds. The mix of these assets constitutes portfolio allocation. How a portfolio is allocated determines its performance. During the first quarter of every year, investors typically spend a few hours reallocating their retirement accounts. Most allocation decisions are based are on past performance, feelings, or some arbitrary selection process.

2.3 Empirical Review

Mohtadi and Agarwal (2004), examined the capital market and economic growth in developing countries using a panel data approach that covers 21 emerging markets over 21 years (1977-1997), they found that turnover ratio is an important and statistically. Insignificant determinant of aggregate growth .Foreign direct investment is also found to have a strong

positive influence on aggregate growth. The result of their study indicates that both turnover ratio and market capitalization are important variables as determination o economic growth, Mishra, et al (2010), examined the impact capital market efficiency on economic growth of India using the time series data on market capitalization, total market turnover and stock price index over the period spanning from the first quarter of 991 to the first quarter of 2010. Their study reveals that there is a linkage between capital market efficiency and economic growth in India. This linkage is established through high rate of market capitalization and total market turnover. This large size of capital market is measured by greater market capitalization is positively correlated with the ability to mobile capital and diversify risk on an economy wide basis. The increasing trend of market capitalization in lndia would certainly bring Capital market efficiency and thereby contributes to the economic growth of the country.

Emeh and Chigbu (2014), examined the impact of capital market on economic growth in Nigeria. The study adopts a time series research design relying extensively on secondary data covering 1985 2012. The study utilizes regression analysis as data analysis method incorporating multivariate co- integration and error correction to examine characteristics of time series data adopting disaggregates the capital market indices approach. Observation across studies on this subject is the heterogeneity in empirical findings over what may be termed a considerably uniform theoretical review at least with regards to causality. The finding suggest that two exhibit is positive while two exhibit is reverse and statistically significant relationship with economic growth. This could stimulates dialogue on implication for policy simulation. Recommendation is that relevant regulatory agencies should focus on enhancing efficiency and transparency of market to improve investor's confidence. Therefore the need for effective and favourable macroeconomic environment to facilitate economic growth and ensure that channels of capital market induced growth are built around effective systems and that policy institution are active to ensure capital market led economic growth.
Oluwatosin et al (2013), examined the impact of Nigerian capital market on economic growth and development between 1999 and 2012. Data were sourced from Security Exchange Commission Report, Nigeria Stock Exchange Review Reports, and Central Bank of Nigeria statistical Bulletin respectively. Ordinarily least square method of regression analysis was used to analyze the data. The result shows that Capital Market indices have not significantly to the economic growth of Nigeria because of low Market Capitalization, low absorptive capitalization, illiquidity, and misappropriation of funds among others. The study recommends that government should restore confidence to the market through regulatory authorities which will portray transparency, fair trading transactions and dealing in the market and also to increase investment instrument such as derivatives, convertibles, swap and option in the market.

Odita and Oghoghomeh (2013), studied resource mobilization for long term economic development, an insight into role of the Nigerian capital market. The authors modeled the effect and importance of the Nigerian capital market, as a veritable source of medium and long term development the data collected were from the central bank of Nigerian statistical bulletin and the security and Exchange commission from the period of 2001 to 2010. The SPSS statistical tool was used to analyze the data. The economic development was proxy by gross domestic product (GDP), while the capital market variables considered includes the annual market capitalization (AMC) and the Total volume Transaction (TVT), finding revealed that

there was a positive relationship between the capital market activities and gross domestics products, ailed that there was a positive relationship between the capital market activities and gross domestics products, although the relationship was not statistical significant. The study recommended that the more fundamental issues of building investor confidence must be addressed through transparency, fair trading transactions, political stability and social security; stringent requirement for entry into the market should be relaxed and adequate publicity should be given to the activity of the capital market.

2.4 Research Gap

Many studies have been excited on capacity market and its related disciplines. Notwithstanding numerous literatures on the subject matter, there still exists high level of research gap on capital market and economic growth of Nigerian specifically covering 1999-2018.

The above empirical studies did not specifically cover capital market and the economic growth in Nigerian between 1999-2018.

Most of the past studies utilized primary resources of data, through questionnaire and survey research design. Some of the past studies specifically covered limited organization so as to come up with specific results.

Considering the above, it becomes a fact that there is research gap in this area; hence there is need for this study to fill the knowledge gap.

METHODOLOGY

3.1 Design of the Study

Research design is a frame work or plan used as a guide in collecting and analyzing data for a study (Asika, 2008). For the purpose of this study, Ex post facto research design will be adopted. Ex post facto design is a quasi-experimental study that examines how an dependent variable. This research design was considered appropriate as the researcher will try to examine how the independent variable Capital Market proxies as: Market Capitalization, New issues, and all share index effects the economic growth of Nigeria.

3.2 Sources of Data Collection

Secondary Sources of data were utilized for the study. The data are mainly time series data obtained from Central Bank of Nigeria statistical bulletin from 2005 to 2024.

3.3 Method of Data Analysis

Multiple Regression Analysis will be used as the model estimation technique. This method will be closed because of the type model adopted for this study.

3.3.1 Model Specification

A model is defined as a simple presentation of reality or system. Onuchukwu (2018) submits that in building models, parameters / variables used must seek to address, explain one solve the fundamental objectives of the study within the period under review. The model of this research work is built or structured to establish the functional relationship between Capital Market and Economic Growth. The specification of the model mirrors the work of Echekoba,

Ezu and Egbunike (2013), with slight modification thus: RGDP = FCMCAP, NI, ASI, TCF, IFR) …….. e92

Where:

RGDP = Red Gross Domestic Product (dependent variable)
MCAP = Market Capitalization (Independent variable)
NI = Total New issues (Independent variable)
ASI = All shares index (Independent variable)
TCF = TOTAL Capital Formation (Control variable)
IFR = Inflation Rate (Control variable)

The model is specified economically as:

$RGDP_t = B_0 + B_1MCAP_t + B_2Ni_t + B_3ASI_t + B_t4TCF_t + B_5IFR_t + E_tG2$

Where:

B_0 = the constant term or intercept of the model
B_{1-5} = Parameters to be estimated (coefficient)
E = Disturbance term
T = The t-th year (times series annual data)

The mathematical expression of the relationship between the variables can be as:

$Y_t = B_0 + B_1x_1 + B_2x_2 + B_3 + B_4x_4 + B_5x_5 + et$ …….eq3

Where y which forms the basis of prediction is called the dependent variable and x_1, …….. x_5 are the independent variables while E_t is the random error. The parameters B_0, B_1 ……B_5 are parameters to be estimated or unknown parameters.

The null and alternative hypothesis may be stated as follows:

Ho: $B_1 = 0$, (ie there is a linear relationship between Capital Market and RGDP)
Hi: $B_1 \neq 0$, (ie there is a linear relationship between Capital Market and RGDP)

Our regression analysis consists of: coefficients of determination (R^2), the unstandardized Beta Coefficient (individual Test), analysis of variance (ANOVA), and descriptive statistics.

DATA PRESENTATION AND ANALYSIS

4.1 Presentation of Data

The data used for this work is presentation below in the table 4.1.

Table 4.1: showing Gross Domestic Product, Market Capitalization New issues, All shares index, Total Capital formation and Exchange Rate for the periods 2005 to 2024.

Year	GDP (N′ Million)	MCAP (N′ Million)	NI (N′ Million)	ASI (N′ Million)	TCF (N′ Million)	EXR (N/S)
2005	4111640.43	281900	-	6,440.5	114400000	21.8861
2006	4588989.84	262600	-	5,672.7	172100000	21.8861
2007	5307361.52	300000	11,934.4	5,266.4	19814300	976022
2008	6897482.48	472300	17,594.0	8,111.0	290700100	106.7111
2009	8134141.81	662500	33,574.3	10,963.1	313134600	112.9861
2010	11332252.8	764900	60,734.4	12,137.7	367112300	126.8833
2011	13301558.9	1359300	128,795.6	20,128.9	410121300	137.2233

2012	17321295.2	2112500	207,172.6	23,844.5	513148000	132.8600
2013	22269977.8	2900060	591,013.2	24,085.8	544148300	130.2900
2014	28662468.8	5120900	733,697.9	33,189.3	567492200	128.2919
2015	32995384.3	13181690	1,943,241.5	57,990.2	601561000	118.2097
2016	39157884.4	9562970	2,073,000.0	31,450.8	643013100	126.4756
2017	44285560.5	7030840	1,127,418.8	20,827.2	723832000	149.6926
2018	54612264.2	9918210	1,584,890.6	24,770.5	9183059.4	150.4799
2019	62980397.2	9672650	2,084,322.5	20,730.6	9897197.2	158.2074
2020	71713935.1	14800944.4	755,209.2	28,078.8	10281952	157.3240
2021	80092563.1	19077418.19	1,334,567.9	41,329.2	11478080	157.2724
2022	89043615.3	16875102.7	1,533,280.5	34,657.2	13595842	169.6800
2023	94144960.5	17003392.45	1,209,681.1	28,642.3	14112170	196.9900
2024	101489492	16185729.41	1,482,670.0	28,874.6	-	305,2237

Source: CBN Statistical Bulletin and Security and Exchange Commission facts book for various years.

The table above is the data for Gross Domestic Product (GDP), Total Market Capitalization (MAP), Total Capital Formation (TCF) and Exchange Rate (EXR) for Naira/Dollar from the period 2005to 2024. The table shows the descriptive statistics for the table above.

4.2 Data Analysis

Both descriptive and inferential analyses were carried out in this study. The table below shows the descriptive statistics of table 4.1 above.

Table 4.2: Showing descriptive statistics for Gross Domestic Product, Market Capitalization, New issues, All Shares Index, Total Capital Formation and Exchange rate for the periods 2005 to 2024.

	N	Minimum	Maximum	Mean	Std. Deviation
GDP	20	4111641	101489492	39622161.30	33155586.471
MCAP	20	262600	119077418	7377295.30	6803208.456
NI	18	11934.4	2084322.5	939599.917	752485.6926
ASI	20	5266.4	57990.2	23259.560	13257.2296
TCF	19	9183058	723832000	1909128947	25.1772108.532
EXF	20	218861	305.2237	135.308860	58.3899732
Valid N (list wise)	17				

Source: Field Survey 2025

The table above shows the descriptive statistics of the variables examined in the study. Descriptive statistics computed the number of observations for each variable, the minimum value, maximum value, mean and standard deviation of each variable within the period under study.

Gross Domestic Product has a minimum value of N4, 111 Billion recorded in 2018. The average Gross Domestic Product of the country within the period under study was N39, 622 billion with a standard deviation of N33155 Billion. Market Capitalization of the economy has a minimum value of N281900 million recorded in 1999. The variable maintained a steady

growth from 1999 to 2009 where is value was N13,182 Billion. At this point it maintained a steady decrease to N7,031 billion in 2009 and rose to its peak of N19,077 billion in 2017. Currently the total market capitalization stood at N16,185.7 billion. The mean value for the period under study is 7.377 billion with a standard deviation of N6.803 billion.

New issues has a minimum value of N11,93.4 million, the value increased steadily to N2,073 billion in 2008 before experiencing instability. However, the maximum value is N2,084 billion recorded in 2013 with a mean value of N939,599.9 million and standard deviation of 752, 485.6 million. All share index has a minimum value of N5,266.4 million recorded in 1999 and a maximum value of N57,990 million recorded in 1007. Its mean value for the period under investigation is N23,259 million with a standard deviation of N13257.2 million. Capital formation of the economy has a minimum value of N9,183 billion recorded in 2012 while the maximum value was N723,832 billion recorded in 2011. The average value of capital formation was within the period under study is N290,919 billion with w standard deviation of N251,772 billion. Exchange rate has a minimum value of N21.88 recorded in 1999 and a maximum value of N305.22 recorded in 2018. On average, the exchange rate with the period under study is N3531 with a standard deviation of N58.38.

Table 4.3: Unit Root Test Result Using ADF

	At level		First difference		Sound Difference		Result
Variables	t. statistics	p. value	t. statistics	p. value	t. statistics	p. value	
GDP	4.729100	1.0000	-1.617019	0.4528	-7.450903	0.0000	*I* (2)
MCAP	-0.681774	0.8286	-3.854749	0.0121	-		*I* (1)
NI	-1.775962	0.3785	-4.750928	0.0023	-		*I* (1)
ASI	-2.005108	0.2822	-4.322762	0.0039	-		*I* (1)
TCF	-1.391467	0.5630	-4.149831	0.0059	-		*I* (1)
EXR	0.135114	0.9599	-1.902196	0.3239	5.257846	0.0007	(2)

Source: Field Survey 2021

As noted in the previous chapter, a stationary test was necessary so as to avoid a spurious regression. In this study a stationary was conducted using Augmented Dickey Fuller (ADF) statistic. Table 4.3 above shows the stationary result using ADF. The result above shows that none of the variables were stationary at level, MCAP, NI, ASI and TCF became stationary after first differencing while the outcome variable (GDP) and EXR became stationary after second difference. This suggests that there is no evidence of co-integration between the outcome variable (GDP) and the predictor variables MCAP, NI and ASI.

Table 4.4: Multiple Regression Result

Dependent Variable: GDP (12)				
Method: Least squares				
variable	Coefficient	Otd. Error	t. statistics	Prob.
C	5834526	11448883	0.509615	0.6304
MCAP (1)	4.662259	1.144518	4.073555	0.0018
NI (1)	4.561723	4.643198	0.982453	0.3470
ASI (1)	-7197589	394.0293	-1.826663	0.0950
TCF (1)	0.000667	0.014362	0.046443	0.9638

EXR (1)	117838.2	75565.76	1.559413	0.1472
R-squared	0.950346	Mean dependent variable		45790308
Ad dusted R-squared	0.927776	S.D dependent variable		32184971
S.E of regression	8649587	Akalke info criterion		35.05449
Sum squared reside	8.23EX41	Achwarz criterion		35.34856
Log likelihood	-291.9631	Hannan-Quinn criterion		35.08372
f-statistic	42.10630	Dubin – wastson statistics		1.271608
Prob(f-statistics)	0.000001			

Sources: Researchers' computation

As presented in the table above, analysis revealed that all the explanatory variables in the model explained a significant proportion of variance in the country economic growth.
R^2 = .95, F = 42.1, P <.001. The R-squares (.95) indicates "a good fit" showing that as per cent of the variations in the country's economic growth is explained by the variations in the explanatory variables. The f-statics (42.1) with prob. Value less than 0.001 confirms further that the explanatory variables are jointly and statistically significant in explaining the variations in the country's economic growth. The coefficients are substituted into the economic growth model as thus:
RGDPt = 5834526 + 4.66xMCAPt + 4.56 x Nit – 719.76 x ASIt + 0.00067 x TCFt +1178382 x EXRt.

4.3 Test Hypothesis

4.3.1 Test of Hypotheses One

Ho: Stock Market Capitalization has no significant impact on Gross Domestic Product in Nigeria.

Hi: Stock Market Capitalization has a significant impact on Gross Domestic Product in Nigeria.

Analysis in table 4.5 shows that market Capitalization has a coefficient of 4.66, t-statistics of 4-07 and a probability value of 0.002.

Decision: Since the probability value is less than 0.05, the researcher therefore rejects the null hypothesis and concludes that stock market capitalization has a significant impact on Gross domestic Product in Nigeria.

1.3.2 Test of Hypotheses Two

Ho: New issues have no significant impact on Gross domestic Product in Nigeria.

Hi: New issues has no significant impact on Gross Domestic Analysis in table 4.5 shows that New issues has a coefficient of 4.56, t-statistics of 4.64 and a probability value of 0.35.

Decision: Since the probability value is greater than 0.05, the researcher therefore accepts the null hypothesis and concludes that New issues has no significant impact on Gross Domestic Product in Nigeria.

4.3.3 Test of Hypotheses Three

Ho: All share indexes has no significant impact on Gross Domestic Product in Nigeria.

Hi: All share indexes has a significant impact on Gross Domestic Product in Nigeria.
Analysis in table 4.5 shows that all share indexes has a coefficient of 719.76, t-statistics of 1.83 and a probability value of 0.09.
Decision: Since the probability value is greater than 0.05, the researcher therefore accepts the null hypothesis and concludes that All share index has no significant impact on Gross Domestic Product in Nigeria.

4.4 Discussion of Findings

Descriptive analysis carried out in this study shows that currently the maximum GDP value is N101,489.5 billions, MCAP is N19,077.4 billions, NI is N2,084.3 billions while ASI is N58 billion. Their average value within the period under study were N39,622 billion, N7,377 billion, N939.6 billion and N23.3 billion for GDP, MCAP, NI and ASI respectively. Unit root test carried out using augmented dickey-fuller (ADF) all the predictor variables including one of the control variables were stationary, while GDP and EXR became stationary after second differencing. This suggests no evidence of co-integration between MCAP, NI, ASI and GDP.

Findings from OLS analysis shows that the coefficient of MCAP and NI are positive while ASI has a negative coefficient. This suggests that market capitalization and new issues have a positive impact economic growth while all share indexes have a negative impact on GDP. In line with the above result, Ndako (2010) and Odo, Anike and Onyeisi (2017) in their separate studies found that effective stock market capitalization in most cases have positive relationship with domestic product in an economy. They suggest that there should be constant capitalization in the stock market so as to entrance economic performance.

Not only that, Nnanna (2012), Nnanna, Englana and Odoko (2014) and Onyekachi and Odi (2013) in their empirical investigations do covered that security that has been registered, issued and been said to the public always in an economy. They believed that the effectiveness of new issues will enhance high economic performance. Here, the MCAP coefficient of 4.66 suggest that a unit increase in market capitalization will increase economic growth by 4.66 units and this impact is significant as its p-value is less that 5%, the NI coefficient of 4.56 suggest that a unit increase in new issues will increase economic growth by 4.56 units while the ASI coefficient of -719.7 suggest that a unit increase in all share index will decrease economic growth by 719.7 units.

However, the impact of New issues and All shares index are not significant as their p-value is above 5% contrary to the above result, Adeaje (2015), found out that when an average of share price of all companies in the stock exchange market are well utilized and analyzed, it will contribute to growth of domestic product and expansion of private investment. However, Odita and Ogboghomeh (2013), affirmed that the ineffectiveness of all share index in contributing to the growth of GDP is the problem of lack of capital market stability, economic / corruption within the financial sectors in Nigeria.

SUMMARY, CONCLUSION AND RECOMMENDATION

5.1 Summary of Finding

The study has examined Capital market and economic growth of Nigeria 1999 – 2019 The study was carried out to ascertain the contributions of the Capital market Capitalization, new issues and all share index. Based on the date analysis, it was discovered that:

i. There is significant relationship between stock market Capitalization Nigeria GDP.
ii. There is significant relationship between new issues and the Nigeria GDP.
iii. There is no significant relationship between all shares index and the Nigeria GDP.

5.2 Conclusion

The Capital market is a highly specialized and organized financial market and indeed essential agent of economic growth because of its ability to facilitate and mobilize saving and investment. To a great extent, the positive relationship between capital accumulation real economic growths has long affirmed in economic theories.

Therefore, to arrest the mance of the current economic downturn, effort must be geared towards effective resources mobilization. It is in realization of this that consideration is given to measure for the development of capital market as an institution for the mobilization of finance from the surplus sectors to the deficit sectors. The study reveals that the capital market has impart on economic growth of Nigeria via stock market capitalization and new issues. As it was observed that stock market capitalization, new issues, government stock and value of transaction are important capital market variables that are capable of influencing economic growth. Hence the capital remain one of the mainstream in every economy that has the power to influence or impact economic growth therefore the organized private sector is to invest in it. The stock market capitalization and new issues therefore has relationship with GND in the Nigeria economy. However, there is no significant relationship between all shares index and the Nigeria GDP. The government is therefore advised to put up measure to stem up investors' confidence and activities in the market and more foreign investors should be encourage to participate in the market for improvement.

The study therefore concludes that the Nigerian capital market promotes economic growth is not in doubt. It serves as an important mechanism for effective and efficient mobilization and allocation of savings, a crucial function for an economy desirous of economic growth.

5.3 Recommendations

In order for the Nigeria capital market to be pivotal force in Nigeria economic growth and development, the following recommendations are made:

1. First improvement in the declining all share index by encouraging more foreign investors to participate in the market, maintain state of the art technology like automated trading and settlement practice, electronic fund clearance and eliminate physical transfer of shares. Also, there is need for availability of more investment instruments such as derivatives, convertibles, future, and swaps options in the market. This will help to improve the Nigeria GDP and enhance economic development.

2. There should be increase in the total member listed companies to ensure stable macroeconomic environment in order to encourage foreign multinational companies (MNCs) or their subsidiaries to be listed on the Nigerian stock exchange, relax the listing requirements to the first tier market and ensure tax rationalization in the capital market to encourage quotation and public interest in share holdings.

5.4 Suggestions for Further Studies

Further researchers should focus on:

1. Problems of Nigeria Capital market which hinder economic development.
2. The effect of the capital market on GDP in the Nigerian economy.
3. Strategies for enhancing the performance of Nigeria capital market for economic prosperity in the system.
4. The relationship between stock market capitalization and Nigeria GDP.
5. The relationship between new issues and the Nigeria GDP
6. The relationship between all shares index and the Nigeria GDP.

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APPENDIX

ADF Result

Null Hypothesis: GDP has a unit root				
Exogenous: Constant				
Lag Length: 0 (Automatic – based on SIC, maxlag =				
			t - Statistics	Prob.*
Augmented Dickey-Fuller test statistic			4.729100	1.0000
Test critical values:	1% level		-3.831511	
	5% level		-3.029970	
	10% level		-2.655194	

.*Macknnon (1996) one-side p-values.				
Warning: probabilities and critical values calculated for 20 observations				
and may not be accurate for a sample size of 19				

Null Hypothesis: D(GDP) has a unit root				
Exogenous: Constant				
Lag Length: 1 (automatic – based on SIC, maxlag=4)				
			t - Statistic	Prob. *
Augmented Dickey-Fuller test statistic			-1.617019	0.4528
Test critical values:	1% level		-3.886751	
	5% level		-3.052169	
	10% level		-2.666593	
* Mackinnon (1996)one-side p-values.				
Warning: Probabilities and critical values calculated for 20 observations				
and may not be accurate for a sample size of 17				
Null hypothesis: D(GDP,2) has a unit root				
Exogenous: constant				

Lag Length: 0 (Automatic – based on SIC, maxiag=4)				
			t-Statistic	Prob.*
Augmented Dickey-Fuller test statistic			-7.450903	0.0000
Test critical values:	1% Level		-3.886751	
	5% Level		-3.052169	
	10% level		-2.666593	

*Mackinnon (1996) one-side p-values.				
Warning: Probabilities and critical values calculated for 20 observations				
and may not be accurate for a sample size of 17				

Null Hypothesis: MCAP has a unit root				
Exogenous: Constant				
Lag Length: 0 (Automatic – based on SIC, maxlag=4)				
			t-Statistic	Prob.*
Augmented Dickey-Fuller test statistic			0.681774	0.8286
Test critical values:	1% Level		3.831511	
	5% Level		3.029970	
	10% Level		2.6555194	
*Mackinnon (1996) one-side p-values.				
Warning: probabilities and critical values calculated for 20 observations				
and may not be accurate for a sample size one 19				

Null Hypothesis: D(MCAP)has a unit root					
Exogenous: Constant					
Lag Length: 3(Automatic – based on SIC, maxlag=4					
			t-Statistic		Prob.*

			t-Statistic	Prob.*
Augmented Dickey-Fuller test statistic			-1.902196	0.3239
Test critical values:	1% Level		13.857386	
	5% Level		-3.040391	
	10% Level		-2.660551	
*Mackinnon (1996) one-side p-values.				
Winning: probabilities and critical values calculated for 20 observations				
and may not be accurate for a sample size of 18				

Null Hypothesis: D(EXR,2) has a unit root					
Exogenous: Constant					
Lag Length: 0 (Autmatic-based on SIC, maxlag=4)					
				t-Statistic	Prob.*
Augmented Dickey=fuller test statistic				-5.257846	0.0007
Test critical values:	1% level			-3.886751	
	5% level			-3.052169	
	10% level			-2.666593	
*Mackinnon (1996) One-sided p-values.					
Warning: probabilities and critical values calculated for 20 observations					
and may not be accurate for a sample size of 17					

OLS Result

Dependent variable: GDP(2)		
Method: Least Squares		

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	5834526.	11448883	0.509615	0.6204
MCAP(1)	4.662259	1.144518	4.073555	0.0018
NI(1)	4.561723	4.6443198	0.982453	0.3470
ASI(1)	-719.7589	394.0293	-1.826663	0.0950
TCF(1)	0.000667	0.014362	0.046443	0.9638
EXR(2)	117838.2	75565.76	1.559413	0.1472
R-squared	0.950346	Mean dependent Var		45790308
Adjusted R- squared	0.927776	S .D. dependent Var		32184971
S.E. of regression	8649587	Akaike info criterion		35.05449
Sum squared resid	8.23E + 14	Schwarz criterion		35.34856
Log likelihood	-291.9631	Hannan-Quinn criter.		35.08372
F-statistic	42.10630	Durbin-Watson stat		1.271608
Prob(F-statistic)	0.000001			