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IMPACT OF STOCK MARKET PERFORMANCE ON THE ECONOMIC GROWTH OF NIGERIA

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ABSTRACT

This study investigates the impact of stock market performance on the economic growth of Nigeria. Gross domestic product was used as proxy of economic growth while All-Share Index, market capitalisation and total securities listed were used as proxies of stock market performance. The study employed time series annual data from 1980 to 2016, which constitute 36 years observations. Multiple regression techniques and Vector Error Correction model (VECM) were used to analyse the data. The study finds that (ASI, MCAP and TSL) have positive and significant impact on GDP of Nigeria. The study also revealed that the speed adjustment of the deviation of the model from the long-term path is corrected 70.6614 per cent per annum which is very high and significant at 5%. In view of this finding, the study recommended that the Nigerian stock market authorities, investors and government should design good measures such as policies, supervision, research etcetera should be put in place to address the impact of stock market performance on economic growth.

Keywords: Nigeria Stock Market performance, Economic growth, Vector error correction model.

INTRODUCTION

The stock market is supposed to play an important role in the economy in the sense that it mobilizes domestic resources and channels them to productive investments. Stock market helps to channel capital or long-term resources to firms with relatively high and increasing productivity thus, enhancing economic expansion and growth. As the major sources of appropriate long-term funds, the stock market is obviously crucial to any nation, facilitates economic growth by among other things, mobilizing savings from numerous economic units such as governments, individuals and institutional investors for users such as government and the private sector. Available research evidences indicate that the Nigerian capital market is imperfect (Adelegan and Ariyo, 2008, Odedokun 1995, Olowe, 1998, Oludoyi 1999, Adelegan 2003). International Finance Corporation (IFC) classify the Nigerian capital market as emerging and underdeveloped having exhibited all different forms of imperfections which include barring of foreign investors from entering into the Nigerian capital market, imposition of prices on share price movement, regulation of proportion of negative betas, significant abnormal returns and liquidity of the market. Ukeje, Kama and Eluemenor (2007) noted that transactions in equities were hitherto weak due largely to low level of information dissemination and awareness which resulted in sluggish market behaviour. Adelegan and Ariyo (2008) maintained that the imperfection is revealed in micro structure elements such as high transaction costs have grown considerably in developed and developing countries over the last two decades.

Developing countries have witnessed a rapid growth in their financial markets and trading activities. This might be raising some expectations of a positive response from a country's economic growth. But does stock market performance really matter for economic growth? The link between stock market performance and economic growth is a great interest and has become a crucial matter that most economists are anxious about. Their concern is on the nature of the relationship between the two, if there is any, and the direction of the causality, which is still a controversial issue among scholars. Efficient stock market promotes economic growth and facilitates resource allocation by solving the principal agent problem through the monitoring management of Securities and Exchange Commission (Adjasi and Biekpe, 2006). A number of researchers such as Antonios (2010) among others argued that some emerging markets are benefiting from stock market performance through its impact on liquidity of financial assets which makes the allocation of capital to the corporate sector. However, does this improvement really lead to sustainable economic growth? According to Singh (1997), due to macroeconomic instabilities, volatility and unpredictability of the pricing process, stock markets do not lead to long-run economic growth.

Nigeria is among developing countries that had experienced a boom and/or slump in their stock market over the past years, therefore their contribution towards growth becomes more crucial.

The impact of stock market performance is determined by a number of elements which include size of the stock market, how financial assets are priced, market capitalisation ,number of listed equities, transactions in buying and selling of securities (liquidity) which represents volume of transactions and new issues of securities, interest rate, inflation among others

This research work therefore possesses to examine the impact of stock market performance on economic growth in Nigeria.

Statement of the Problem

In recent times, there has been a growing concern on the impact of stock market in economic growth and thus the stock market has been the focus of economic policies and policy makers because of the perceived benefits it provides for the economy. Deducing from the extensive studies on the theoretical expectations on the role of stock markets on economic growth which have formed the core of normative economics, the stock market is expected to contribute to economic growth through the transmission mechanisms of savings mobilization, creation of liquidity, risk diversification, improved dissemination and acquisition of information, provision of long-term, non-debt financial capital which enables companies to avoid over-reliance on debt financing and enhanced incentive for corporate control amongst others.

Furthermore, a fundamental weakness of most studies providing evidence from developing economics is that past regression analysis were often run without a thorough examination of the characteristics of time series economic data. It is therefore not surprising that some of them are, in fact "spurious regression" exhibiting an excellent fit between unrelated variables, especially when levels of the variables themselves are used in the regression. In general, when the regression includes non-stationary variables, the estimation of coefficients and inference from them becomes impossible (Iyoha and Ekanem, 2004.). consequently, this study addresses this gap by employing the Vector Error Correction Model (VECM) to determine the long and short run dynamics between stock market performance and economic growth in Nigeria.

The outline of the study is as follows: section one discussed the introduction of the paper, section two discussed the literature review, section three outlines the methodology, section four presents the data analysis and lastly, section five conclusions and recommendations.

Research Questions

Based on the above problems, the following research questions were outlined:

i. Does All-Share Index have impacts on gross domestic product in Nigeria?
ii. Does Market Capitalisation have impacts on gross domestic product in Nigeria?
iii. Does Total Securities Listed have impacts on gross domestic product in Nigeria?

Objectives of the Study

The broad objective of this study is to examine the impact of stock market performance on the economic growth of Nigeria. Specifically however, the study seeks to:

i Ascertain the impact of All- Share Index on the gross domestic product in Nigeria

ii Determine the impact of market capitalisation on the gross domestic product in Nigeria

iii Determine the impact of Total Securities Listed on the gross domestic product in Nigeria

Research Hypotheses

In line with the research objectives, the following hypotheses were tested in this study:

H_1 : There is no significant impact of All-Share Index on gross domestic product in Nigeria

H_2 :There is no significant impact of market capitalization on gross domestic product in Nigeria

H_3 : There is no significant impact of Total Securities Listed on gross domestic product in Nigeria

Significance of the Study

The study would be of immense significance to regulatory authorities such as the CBN, NSE and SEC in coming up with sound financial policies and reforms that will boost the performance of the stock market. This would strengthen public companies by ensuring that corporate governance practices in Nigerian public companies are aligned with international best practices through improved financial disclosure of information and adoption of International Financial Reporting Standards. Finally, future studies may want to share this experience by extrapolating some of the data as well as the statistical inferences that this study has come up with. This research will serve as source of reference for the academia and researchers carrying out similar studies of this nature.

LITERATURE REVIEW

Concept of Economic Growth

Economic growth means an increase in the capacity of an economy to produce goods and services, compared from one period of time to another (Aiguh, 2013). Economic growth is a positive change in the output, or production, of a country or an economy. This description involves all aspects of an economy, from profits to taxes and wages, to such things as production rates. Considering the above description, it turns out that the only way of ascertaining economic growth would be to calculate it as a numerical value. Therefore, economic growth can be calculated as a percentage increase in the Gross Domestic Product of a given economy.

However, the above definition in itself may not reflect the real situation in the given economy. The economic growth of a country is directly related to the economic state of affairs of the said country which consist of various variables like index of industrial production, inflation rate, money supply, exchange rate, private investment, foreign direct investment and many others which are considered to be backbone of any economy. One of the key contributors to economic growth is technology. Improved technology leads to increased production, which means more wages and more profits for employees and investors respectively. Changes or advancements in technology have been credited with much of the steps that the world economy has made so far. Another contributor that is perhaps worth taking note of would be globalization. Globalization has led to expanded markets, more opportunities for employment as well as investment, and more efficiency due to competition.

Concept of Stock Market

The stock market is a market which deals in long term loans (Jhingan, 2004). It supplies firms with fixed and working capital and finance medium and long- term borrowings of the federal, states and local government. Thus, the stock market encompasses of institutions and mechanisms through which medium term funds and long-term funds are pooled and made available to corporate entities and governments. The stock market has been recognised as an institution that contributes to the socio-economic growth and development of emerging and developed economies. Donwa and Odia (2010) noted that this is made possible through some vital roles played, such as channeling resources, promoting reforms to modernise the financial sectors, financial intermediation capacity link deficit to surplus sector of the economy, and a veritable tool in the mobilisation and allocation of savings among competitive uses which are critical to the growth and efficiency of the economy. Levine (1991), suggested that stock market activities spur economic growth basically in two ways. First, stock markets make

property changes possible in the companies, whilst not affecting their productive process. Second, stock markets offer higher possibilities of portfolio diversification to the agents.

Review of empirical studies

In other to empirically investigated impact of the stock market performance on economic growth of Nigeria, the following studies were reviewed.

Pat and James(2010) studied "An Empirical Analysis of the Impact of the Nigerian Capital Market on Her Socio-economic Development" In his analysis; he specified that the socio-economic development (proxy by Gross Domestic Product) is significantly influenced by the capital market indices (market capitalisation, new issues, value of transaction and total listing). It was found that the market capitalisation and value transaction had positive but insignificant impact on the GDP, whereas the total new issues had a negative influence on GDP. However, the total listing was positively signed and also statistically significant.

Abu (2009) explores whether stock market development raises economic growth in Nigeria, by employing the error correction approach. The econometric results indicated that stock market development (market capitalisation GDP ratio) increases economic growth. Vazakidis and Adimopolous (2009) also provided empirical evidence on the relationship between stock market development and economic growth for period 1965 to 2007 in France. The study used the Vector Error Correction Model as an econometric model and the general stock market index to measure stock market development and interest rates as a control variable. The results confirm a long-run relationship between stock market development and economic growth. Furthermore, a causal relationship flowing from economic growth to stock market development was found and the authors concluded that, it can be inferred that economic growth positively impacts on stock market development while interest rates are negatively related to stock market development.

Nurudeen (2009) also explored a similar study for the case of Nigeria over the period 1981 to 2007, using the Error Correction Model. The study included, All-Share Index as a third measure for stock market performance. It was found that market capitalisation positively affects economic growth, which implies that an increase on the stock market size enables firms to raise funds and this stimulates investment which in turn promotes economic growth. A significant negative impact of market liquidity on economic growth was also found, which may be due to the difficulties involved in trading of shares, such as high transaction costs and a delay in the issuance of shares certificate. The results reveal an insignificant effect of All-Share Index on economic growth. The author recommends that the government should liberalise the Nigerian stock market, because impediments discourage investment which in turn impacts economic activities, also the Nigerian security and exchange commission should improve the trading system as this will improve performance of the stock market.

Odhiambo (2010) used the Auto-Regressive Distributed Lag (ARDL-Bound) testing approach to relate three proxies of stock market development namely (stock market capitalisation, stock market traded value, and stock market turnover) with real GDP per capita, a proxy for economic growth. The result was that causal relationship between stock market development and economic growth is sensitive to the proxy used for measuring the stock market development.. In a study by Donwa and Odia (2010), they found that market capitalisation, and value of transaction had positive but insignificant impact on the GDP whereas the total new issues had a negative influence on GDP.

Ogunmuyiwa (2010) on stock growth nexus investigated the relationship as well as the channel through which investor's sentiment and liquidity affect growth. The study

employed time series data covering 1984 to 2005. The study found that both investor's sentiment and stock market liquidity Granger-cause economic growth in Nigeria. Kinuthia and Etyang, (2014),empirically examined whether stock market liberalization improves the functioning of domestic stock market and accelerates economic growth in Kenya. The assessed liberalization by stock market capitalization while turnover was used to asses' stock market performance. The study employed quarterly time series data collected through secondary sources and covered a period of 22 years from January, 1991 to December,2012. The study employed Vector autoregressive and Granger Causality Tests to investigate the level of relationships. The study found a one way causality that runs from stock market development to economic growth. It's also documented in the study that stock market liberalization indirectly impacts on economic growth through investment. The study found that stock market liberalization has a significant positive impact on the economic growth in Kenya.

Kolapo and Adaramola, (2012), examined the impact of the Nigerian capital market on its economic growth for the period of 1990-2010. The study proxied economic growth by Gross Domestic Product and capital market performance ; Market Capitalization (MCAP), Total New Issues (TNI), Value of Transactions (VLT), and Total Listed Equities and Government Stocks (LEGS). The study employed Johansen co-integration and Granger causality tests. The study found existence of co-integration between stock market performance and economic growth in Nigeria. The study found that capital market variables impact economic growth of Nigeria.

Ogboi and Oladipo (2012), study examined stock market-economic growth nexus in the Nigerian economy. The study employed annual time series data from 1981 to 2008 collected from various publication. The study found existence of long-run association-ship between stock market performance and economic growth of Nigeria.Ovat (2012) examined the effect of stock market development on economic growth in Nigeria.

The study disaggregated stock market development into stock market size and stock market liquidity with a view to providing evidence on the aspect of stock market development which is the main driver of growth in Nigeria. The applied several econometric techniques such as unit root test, co-integration and granger causality test, and the result revealed that stock market development contributes significantly to economic growth in Nigeria through the market liquidity based indicators: total value of shares traded ratio and turnover ratio. Wang and Ajit (2012) determined the impact of stock market development on economic growth in China. Quarterly data from 1996 to 2011 were used and the empirical investigation is conducted within the unit root and the co-integration framework. The result revealed that stock market development generally does not contribute positively to economic growth in developing countries if the stock market is mainly an administratively-driven market.

Afolabi (2015) empirically ascertained the effect of the Nigerian Stock Market on the Nigerian economy from 1992 to 2011. The Nigerian Capital Market was proxy as Market Capitalization against some variables of the economy such as Gross Domestic Product (GDP), foreign direct investment, inflation rates, total new issues, value of transaction and total listing. Using the multiple regression analysis, he found that stock market has an insignificant impact on the economy within the period under review. Ikikii and Nzomoi (2013) evaluated stock market development effects on economic growth in Kenya, Quarterly time series data on gross domestic product, market capitalization and trade volume covering the years 2000 to 2011 were used. Empirical result suggested that stock market development measured by trade volume and/or capitalization impacts positively on the economic growth in Kenya.

Okoye and Nwisienyi (2013) studied the impact of stock market has on the Nigerian economy, using time series data for 10-year period; 2000 – 2010. The model specification for the analysis of data was multiple regression and ordinary least squares estimation techniques. The result depicted that there are significant relationship between all share index, market value and market capitalisation on GDP. This implies that the GDP is affected by the movement of the capital market's share index, market value and market capitalisation. In other words, the stock market has impacted significantly on the economy for the years under review.

Jibril, Salihi, Wambai, Ibrahim, Muhammad and Ahmad (2015) investigated the effect of Nigerian stock exchange market development on economic growth using a 20 year time series data from 1990-2010. The method of analysis was ordinary least square techniques. The stock market capitalization ratio was adopted as a proxy for market size while value traded ratio and turnover ratio were used as proxy for market liquidity. The study revealed that market capitalization and value traded ratio have a negative correlation with economic growth while turnover ratio has a strong positive correlation with economic growth. Echekoba, Ezu and Egbunike (2013) examined the impact of stock market on the growth of Nigerian economy under a democratic rule. The study used time series data from 1999 to 2011 and multivariate regression model. They finding revealed that total market capitalization and all share index have positive effect on economic growth proxied by GDP.

Uzoka, (2016), the study examined the role of stock market on economic growth of Nigeria from the period of 1980- 2014. The study proxy economic by Gross Domestic Product (GDP) and the stock market performance as Market Capitalization Ratio (MCR), Value Traded Ratio (VTR) and Turn-Over Ratio (TOR). The study make used Johansen co-integration approach. The study found that the Nigerian stock market and economic growth are co-integrated. The study found a long-run relationship between stock market performance and economic growth of Nigeria. The evidence from this study reveals that the activities in the stock market tend to impact positively on the economy.

However, given the mixed divergent findings of results from various empirical literatures, this study, investigates the impact of stock market performance on the economic growth of Nigeria.

Mckinnon-Shaw (1973) Hypothesis

Mckinnon and Shaw (1973) hypothesis states that financial liberalization and stock market development would promote economic growth through their effects on the growth rate of savings, investment, and thus economic growth. McKinnon and Shaw (1973) argued that the repressed financial markets (low and administered interest rates, domestic credit controls, high reserve requirements and concessional credit practices) discourages savings, retards the efficient allocation resources, increases the segmentation of financial markets, constrains investment and in term lowers the economic growth rate. The essential message of the McKinnon-Shaw thesis is that a low or negative real rate of interest discourages savings and hence reduces the availability of loanable funds, constrains investment, and in turn lowers the rate of economic growth. On the other hand, an increase in the real interest rate may induce the savers to save more, which will enable more investment to take place and which would exert a positive effect on the economic growth. Bouzid (2012) noted that this idea was adopted by great international institutions such as the International Monetary Fund (IMF) and the World Bank. Thus, many developing countries have implemented financial liberalization policies with the aim to delete the repressed regime. The financial liberalization policies were aimed at liberalizing interest rates by switching from an administered interest rate setting to a

market-based interest rate determination; reducing controls on credit by gradually eliminating directed and subsidized credit schemes; developing primary and secondary securities markets; enhancing competition and efficiency in the financial system by privatizing nationalized commercial banks (Bouzid,2012).

Empirical methodology

This covers the detailed description of the econometric methods employed for the precise analysis of the impact of stock market performance on the economic growth of Nigeria. This study uses annual time series data covering the period from 1980 to 2016.

Research Design

This study employed ex-post facto research design. The choice of this research design is due to the time series nature of the data that are collected from the period of 1980 to 2016

This type of research design involves the study of past information that have already exist to predict the future outcome or result on the same variables.

METHOD OF DATA ANALYSIS

As the study trying to look into both long-run and short-run impact of independent variables on dependent variable. We first carried out unit root test to determine whether the time series data were stationary at levels or first difference. The Augmented Dickey Fuller (ADF) unit root test was used to test for the stationarity of the variables under study. After determining the order of integration of each of the time series, and if the variables were integrated of the same order, the Johansen co-integration test would be used to determine whether there is any long- run equilibrium relationship between dependent variable (GDP) and the independent variables (ASI,MCAP and TSL) in the model. If the variables were found to be co-integrated, the vector error correction model (VECM) would be estimated to model the long-run dynamics and also if there is no co-integration between the variables, Vector Auto-regressive (VAR) would be for estimation in this work. Furthermore, the VECM or VAR would be subjected to the statistical diagnostic tests, namely, normality, Variance Inflation Factor, heteroskedasticity tests to ascertain its statistical adequacy.

Model Specification

The model specified for the purpose of testing the hypotheses of the study is presented below:

$Y = \alpha + B1X1 + B2X2 + ……..BXXX + \varepsilon$ ……..(1)

This regression model can be interpreted whether a set of stock market variables has a linkage with economic growth, where Y is Gross Domestic Product and X's represents the stock market variables used in the research. α is the intercept of the regression that is , constant term representing risk free rate, B1 – BX are the coefficient of variables, ε is the error term

The model was modified as follows:

$logGDP = \alpha + B1logASI + B2logMCAP + B3logTSL + \varepsilon$ ……(2)

Here, the model used GDP (Gross Domestic Product as a proxy to economic growth) and the stock market indices was represented as ASI (All-Share Index), MCAP (market capitalization) and TSL (total securities listed)

RESULT AND DATA ANALYSIS

Table 1: Summary of Diagnostic Test

Test	X2	p- value	Centered VIF
VIF	-	-	6.93, 4.88, 2.08
Breusch-Pagan Test	-	0.2953	-
Jarque-Bera	1.299741	0.522114	-

Source: Researcher's computation, E-view Output, 2017

The variance inflation factor was performed to support the validity of the regression results. Since, the values 6.93, 4.88 and 2.08 are less than 10, it was therefore concluded that there were no multicollinerarity among the variables of the model. The heteroskedasticity is checked through Breusch-Pagan Test. The outcome of this test is as follows, Breusch-Pagan test for heteroskedasticity Ho: constant variance of error term for all values of independent variables. H1: Not have a constant variance of error term for all values of independent variables. The p-value is 0.2953 which exceeds from 5% level of significance; the study fails to reject Ho for the variance of error term for all the variables are homogeneous. Furthermore, Jarque-Bera test was used to check for the normality of the data. The result shows that study data are normally distributed given the p-value greater than 0.05 significance level.

Variable Stability and Stationary Test

It is necessary that the variables to be used in the analysis are subject to stationary test. Because if the time series are not stationary, they include stochastic or deterministic trends. In such a case, spurious regression condition might arise in the regression model where time series are used. The tests for stationarity in time series variables provide a sound empirical base for regression results free of spurious conclusions. The researcher has attempted to conform to this fact by conducting a unit root tests using ADF (1980) technique under the assumption of intercept and without trend. The results are reported in table 2.

Table 2Unit Root Test

Variables	t-statistic	5% significant level	Order of Integratrion	Remark
LogGDP	/4.796211/	/2.948404/	1(1)	Stationary
LogASI	/3.013402/	/2.967767/	1(1)	Stationary
LogMC	/7.655698/	/2.948404/	1(1)	Stationary
TSL	/5.906105/	/2.948404/	1(1)	Stationary

Source: Researcher's Computation, Eview Output, 2017

The summary of unit root test result are presented in the table 3, the result reveal that all the variables are stationary at the order (first difference) given the value of t-statistic greater than 5% critical level. This means that all our variables are differentiated once before it reach stationary level. It is then concluded that the variable does not have a unit root and the null hypothesis that there is presence of a unit root in the variables series can be rejected with 95 per cent confidence. Since all the variables are stationary at the same order, we can now proceed to run Johanssen co-integration test.

Co-Integration Test

Table 3: Unrestricted Cointegration Rank Test (Trace and Max-Eigen)

Hypothesized No. of CE(s)	Trace Statistic	0.05 Critical Value	Max-Eigen Statistic	0.05 Critical Value
None*	42.26602	29.79707**	23.74893	21.13162**
At most 1*	18.51709	15.59471**	14.26460	10.37415**
At most 2*	8.142942	3.841466**	8.142942	3.841466**

Source: Researcher's computation, Eview Output, 2017.

Trace and Max-eigen value test indicate 3 cointegratingeqn(s) at the 0.05 level.

The result of Johanssen co-integration test presented in the table 4 reveals that there is existence of three co-integration among the variables. The existence of co-integration among the variables suggests that a VECM model can be estimated in order to make long run analysis. Therefore, the null hypothesis that there is no co-integrating vector is rejected based on the fact that the Trace statistic is larger than the critical value at 5 per cent which is also corroborated with the Max-Eigen statistic. This simply means that there is a long run relationship between value of Nigeria's stock market performance and economic growth over the observed years. The results of the long-run estimations using VECM are presented below.

Table 4:Estimation of Vector Error Correction Model (VECM)

Variables	Coefficient	Standard Error	t-statistics	p-value
C	1.721067	0.53511	3.21629	0.00175
LogASI	1.034656	0.35306	2.93053	0.002354
LogMC	0.50199	0.24247	2.07032	0.001134
LogTSL	0.00770	0.00388	1.98475	0.006125
R-Square 0.650864				
Adjusted R-Square 0.539140				
F-Statistics 5.825656				
Prob.(F-Statistic) 0.0000				
Long-run ECM –O.706614				

Source: Researcher's computation, Eview Output, 2017

From the regression result in the table 5 above, the Adjusted R^2 is 0.539140.This shows that the independent variable (Log ASI, Log MC and TSL) specified in the model explained only the dependent variable (log GDP) over the observed years. While the remaining 46.09% are explained by all other factors that are not 34included in our model.

For the F-statistic, which apart from the Adjusted R^2 also tells about the overall significance of the model, the value obtained through estimation is5.8256 with the p-value of 0.0000. the implies that the study model is highly fit for the analysis.

The coefficient of the ECM as could be observed in the table 5 is negative, and highly significant, showing that the model has a self-adjusted mechanism for adjusting the short-run dynamics of the variables with their long-run values. According to Afolabi, Oluyemi (2005), a highly significant error correction term is a further proof of the existence of a stable long-run relationship between economic growth proxied by GDP and its determinant. The speed is very high, indicating that a deviation in GDP from equilibrium is corrected by as high as 141.3% the following year. The coefficient of the ECM is significant at 1 percent level of significance and has the correct negative sign. This indicates a feedback of approximately 141.3% of the previous year disequilibrium from the long-run economic growth proxied by GDP and it is significant, which suggests that any short-run disequilibrium in the system will be adjusted in the long-run. The coefficient is reasonably high and suggests that adjustment to equilibrium is completed within the first period. Thus it will rightly act to correct any deviations from the long-run equilibrium.

The constant or intercept is 1.721067. This implies that the when all the model parameters are zero or held at constant, there will still be an effect of 1.721067 on the dependent variable. This is accounted for by other factors not specified in the model such as the total new issues, interest rates etc.

The coefficient of All-Share Index (LogASI) is 1.034656.This shows All-Share Index has positive impact on the economic growth measured by logGDP. The result reveals that All-Share Index has positive and significant impact on the economic growth given the value of t-statistic (2.93053 > 1.96) at two tails. This findings further shows that a unit percent rise in All-Share Index will bring about 103.4656% increase in GDP holding all other factors constant. This finding was not in line with Nurudeen (2009) which found that All- Share Index has an insignificant impact on economic growth. Therefore, the study reject the null hypothesis that stated that there is no significant impact of All-Share Index on gross domestic product in Nigeria.

The coefficient of Market capitalisation (LogMC) is 0.50199, shows that market capitalisation has positive impact of 50.19% on the GDP of Nigeria during the observed years. This implies that a unit per cent increase in market capitalisation will bring about 50.19% increase in economic growth measured by GDP over the observed years. The result reveals that market capitalisation has positive and significant impact on the economic growth given the value of t-statistic (2.07032 > 1.96) at two tails. This finding further support the views of Abu N. (2009), Nurudeen (2009), Donwa and Odia (2010),Kolapo and Ademola (2012), Okoye and Nwisienyi (2013) and Uzoka (2016) that market capitalization has positive relationship on the economic growth. Therefore, the study reject the null hypothesis that stated that there is no significant impact of market capitalization on gross domestic product in Nigeria.

The coefficient of the Total securities Listed (TSL) is 0.00770. this shows that Total Securities Listed has positive impact on economic growth measured by LogGDP. The result reveals that total securities listed has positive and significant impact on the economic growth given the value of t-statistic (1.98475 > 1.96) at two tails. This finding further show that a unit per cent rise in total securities listed will bring about 0.77% increase in GDP holding all other factors constant. This finding was in line with the work of Pat D. (2010) who concluded that the total listing was positively signed and also statistically significant. Therefore, the study reject the null hypothesis that stated that there is no significant impact of total securities listed on the gross domestic product in Nigeria.

CONCLUSION AND RECOMMENDATIONS

Based on the findings of the research, the study concludes as follows:First, the study has provided evidence on the three independent variables, All-Share Index, market capitalization and total securities listed in explaining and predicting economic growth in Nigeria. The study concluded that the three variables have played a significant role in influencing the stock market performance on Nigeria's economic growth.

Secondly, the study also establishes significant positive relationship between All-Share Index and economic growth. It therefore concluded that as All-Share Index are raised, this in turn increases the number of shares traded and economic growth equally expands, as well as impacting on the GDP.

Thirdly, the study documents a significant positive relationship between market capitalization and the gross domestic product. This concludes that the market capitalization is an important factor in determining the magnitude of trading shares in the stock market and it goes a long way in improving the performance of the market which invariably improves the economic growth of Nigeria. Among the predicting variables, total securities listed also contribute positively to the economic growth of Nigeria.

Aside the above, the Nigeria stock market authorities, government and investors should design good measures such as policies, supervision, accounting system etcetera to promote the stock market activities which in turn increases the stock market performance in relation to economic growth.

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