

SELECTED MACROECONOMIC VARIABLES AND STOCK PRICE MOVEMENT IN  
NIGERIA

(1985-2014)

BY

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M. Sc. Banking and Finance

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University Ota, Ogun State, Nigeria in Partial Fulfilment for the Requirement of the Award  
of the Masters of Science (Honours) Degree in Banking and Finance.

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CERTIFICATION

I hereby, certify that this research project written by SENIBI, ESTHER JOHNSON titled “SELECTED MACROECONOMIC VARIABLES AND STOCKPRICE MOVEMENT IN NIGERIA” was supervised and submitted to the Department of Banking and Finance, Covenant University Ota, Ogun State.

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DECLARATION

It is hereby declared that this research project titled “SELECTED MACROECONOMIC VARIABLES AND STOCKPRICE MOVEMENT IN NIGERIA was undertaken by SENIBI, Esther Johnson and it is based on her original study in the Department of Banking and Finance, Covenant University under the supervision of Dr. Omankhanlen Alex Ehimare. This Research work duly expressed and acknowledged the view of other Researchers.

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SENIBI, ESTHER JOHNSON

Date

(Student Signature)

## DEDICATION

This Research Project is dedicated to God Almighty for his unconditional love, favour, grace, mercy, strength and wisdom showered on me in all my academic pursuits.

I also dedicate this project to my loving parents Engr. Johnson Folorunsho Senibi and Mrs Elizabeth Ajayi Senibi for their prayers and support to see me throughout my academic pursuit to excellence in life.

## ACKNOWLEDGEMENT

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## ABSTRACT

*This study assesses the relevance of selected macroeconomic variables in predicting the trends of stock prices by employing evidences from the Nigerian economy. Estimation techniques such as Vector Error Correction Technique, Phillip Peron's unit root test, Johansen Co-integration techniques were employed to investigate both the long run and short run relationship of macroeconomic variables on stock prices (Share Index), Granger Casualty Test was carried out to determine the casual effect macroeconomic variables have on share prices. Data were collated from the CBN bulletin. The empirical results demonstrated that only changes in oil price, inflation and exchange rate can exact significant influence on share prices while others showed no significant influence, although inflation and oil price had an insignificant relationship with share price. The Granger Casualty test showed o casual effect between macroeconomic variables and share prices. Therefore, the study recommends based on conclusion that movements in macroeconomic variables is significant to dictate activities of stock prices in Nigeria.*