

**MACROECONOMIC DETERMINANTS OF THE SECURITY
MARKET DEVELOPMENT AND ITS IMPACT ON PRODUCTION
IN NIGERIA.**

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20PAG02130**

JULY, 2022.

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**A THESIS SUBMITTED TO THE SCHOOL OF POSTGRADUATE
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FOR THE AWARD MASTERS OF SCIENCE (M.Sc.) DEGREE IN
FINANCE IN THE DEPARTMENT OF BANKING AND FINANCE,
COLLEGE OF MANAGEMENT AND SOCIAL SCIENCES,
COVENANT UNIVERSITY, OTA.**

JULY, 2022.

ACCEPTANCE

This is to attest that this thesis is accepted in partial fulfilment of the requirements for the award of the degree of Masters of Science in Finance in the Department of Banking and Finance, College of Management and Social Sciences, Covenant University, Ota, Nigeria.

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DECLARATION

I, I ISAYINKA ISAAC AYOMIDE (20PAG02130) hereby declare that this research was carried out by me under the supervision of Professor Abiola A. Babajide, Department of Banking and Finance, Covenant University, Ota, Nigeria. I attest that the thesis has not been presented either wholly or partially for the award of any degree elsewhere. All sources of data and scholarly information used in the thesis are duly acknowledged.

ISAYINKA, ISAAC AYOMIDE

Signature and Date

CERTIFICATION

We certify that this Masters dissertation titled **“MACROECONOMIC DETERMINANTS OF THE SECURITY MARKET DEVELOPMENT AND ITS IMPACT ON PRODUCTION IN NIGERIA.”** is an original work carried out by **ISAYINKA ISAAC AYOMIDE (20PAG02130)** in the Department of Banking and Finance, College of Management and Social Sciences, Covenant University, Ota, Nigeria under the supervision of Prof. Abiola Babajide. The work has been found acceptable as part of the requirement for the award of Masters in Banking and Finance (Finance).

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DEDICATION

This dissertation is hereby dedicated to almighty God, the source of my strength and wisdom, and for his unending love and grace. Also, this dissertation is dedicated to my amazing parents, Engr. and Mrs. D. O. ISAYINKA for their continuous care, love, and provisions.

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ABSTRACT

Production is fundamental to the expansion and development of the Nigerian economy. The security market enhances the productive capacity of the economy, it is an entity whereby debt, and equity instruments, are traded. It promotes the flow of capital from excess entities to deficit economic units in order to increase investment and output. The major aim of this research is to investigate the determinants of security market development and its implication on production in Nigeria. Hence, Interest rate, savings, as well as public investment are the various macroeconomic determinants of the security market which are also investigated in this study. The research is designed to span a 40-year scope of study, from 1981 through 2020. The research data were compiled via the Nigerian central bank statistical bulletin and the world development indicator. Augmented Dickey-Fuller unit root test was utilized to determine the appropriate methodology for the study analysis estimation. The model data were estimated using the Auto Regressive Distributed Lag (ARDL) technique of analysis. The research found that interest rate had a negative correlation with the growth of the Nigerian security market. This is relative to the country's economic state of high interest rate, which hinders investors from borrowing additional money to invest or participate in the security market. Savings as well as public investment are revealed to impact the security market positively. The security market enhances production in the long run although its impact is poor due to low investment within the economy. However, the study recommends financial institutions to retain interest rate low so as to induce investors seeking additional capital and to engage in the security market. Savings, and government investments in the securities market, should be promoted in order to aid the economy develop in terms of production.

Keywords: Interest Rate, Savings, Public Investments, Security Market, Industrial Output, Production