

## Trends of Share Pricing In the Nigerian Stock Market

AFOLABI, Matthew B , DADA, Olusegun D

Accountancy Department, Federal Polytechnic, P. M. B. 5351, Ado Ekiti, Nigeria.

E-mail: [ilovetopison@yahoo.com](mailto:ilovetopison@yahoo.com), [dadaolusegun66@yahoo.com](mailto:dadaolusegun66@yahoo.com)

### Abstract

With the rapid development of the capital market in Nigeria, in recent years, coupled with the role it plays in the sphere of national growth and development, there is need for investors to put more attention to shares being traded on the stock market and how these prices tend to move over the years. This research paper tends to examine the roles, functions, rules and regulations of the capital market in share pricing. The research paper also identifies the factors and the various theories that are responsible in the changes of share prices over time. In this research paper, a specified model is used. Also, statistical and economic tools are used to show extent of the positive relationship that exist between share prices and exchange rate. The paper examines the market capitalization effects on share prices, while a negative relationship exist between share prices and inflation. The research paper which is centered on trends of share prices in Nigeria Stock market between 1988-2011 showed that market capitalization (MCAP) and exchange rate (EXRT) are very good determinants of share prices movement, while inflation (INFL) is not.

**Key Words:** Across the board; Bear; Bull; Dividend; Bond; Equity; Offer for sales; Share; Stock Market; Underwriting.

### Introduction

The knowledge about money and finance is low in Nigeria and many people have little idea of what happens on the stock market and how they can be part of it. Some people may have entered the market indirectly through inherited portfolios, or just bought shares only once through offer for subscription but do not know how to proceed from there.

Most people, particularly the youth lack practical knowledge of stock market. Investing is an activity that has enabled ordinary people build huge wealth in Nigeria and even outside Nigeria. The stock market in Nigeria offers a great opportunity to turn one's savings into wealth. However, there is need to observe certain key events in the stock market, one of such is the movement or trend of shares in this market. (Micheal, 2004)

There is no gain saying in the fact that prices of shares in Nigeria stock market moves up and down in an endless manner in response to news and information known and expected about the particular stocks in the market. The news and information cause buyers and sellers of shares to take buying and selling decisions, which generate market activity that affect stock prices. There could be good news or bad news but generally no news or information is bad because while those who sell shares will be happy to see price rise, those who want to buy will like to see the price fall temporarily. (Micheal 2004)

In the trading floor of the Nigerian Stock Exchange, where the shares of over 200 companies are traded, there is no day without news and information, including market rumor on the trend or movement of share prices. The daily stock market repeats are just one of the ways in which the media capture the ups and downs of the stock market and the movement in the price of individual stock.

It is of great importance to recognize the fact that the financial system plays a catalytic role in the process of economic growth and development. According to experts, the financial market performs an economic function by increasing the transfer of real economic resources from the lenders to the borrowers. The population of any economy directly affects the rate of growth of the different markets especially the money and capital market.

In Nigeria, the financial market is comprises of money market and capital market. Money markets are the markets for debt securities that pay off in short-term (usually not more than one year). Capital markets on the other hand are markets for long-term debts and for equity shares. The numbers of business firms listed on the Nigerian stock exchange has grown since inception and so are the securities traded on the exchange. The determination of share prices especially on the exchange and the trend of these prices is becoming an important issue and therefore call for attention in checking on the Nigerian Stock Exchange. (Osaze, 1991)

### Literature Review

Every Tom, Dick and Harry would love to be a successful business owner in Nigeria and even abroad without ever having to show up at work. Imagine if one could sit back and watch his company grows and collect the dividend as the money rolls in. This situation might sound like a pipe dream, but it is closer to reality than one might think.

The road to financial freedom is a solid undertaking of stocks, the movement of these stock prices and how they are traded on the stock market.

Stock is a share in the ownership of a company. It represents a claim on the company asset and earnings. As one acquires more stock, ones ownership stake in the company becomes greater. It also means shares, equity.

There are two main classes of shares, these are;

1. Common Shares
2. Preferential Shares

### Common shares

When people talk about stocks in general, they are mostly referring to this type. Majority of stock issued is in this form. Common shares represent ownership in a company and a claim (dividends) on a portion of profits. Investors get one vote per share to elect the board members, who oversee the major decisions made by the management.

If a company goes bankrupt and liquidates, the common shareholders will not receive money until creditors, bondholders and preferential shareholders are paid.

### Preferential shares

It represents some degree of ownership in a company but usually do not come with the same voting rights. It may vary depending on the company. Also, with preference shares, investors are usually guaranteed a fixed dividend forever. This is different from common stocks which have variable dividends that are never guaranteed. Another advantage is that in the event of liquidation, preferential shareholders are paid off before the common shareholders (but after debt holders).

According to Alile (1995), in his work – An empirical study of the behaviour of stock prices in the Nigerian Stock Market, “the stock market provided the fulcrum for capital market activities and it is often acted as a barometer of business direction”. Thus, an active stock market may be relied upon to measure changes in general economic activities using a stock market index. But Osaze (1991) observes that the stock market index may not be a reliable economic indicator or barometer since a large portion of the Nation’s wealth is not in the market. This rather low stock market activity in Nigeria is due to the general under development, socio-cultural constrains, inadequate financial intermediation and poor communication.

Various factors affects share prices and these include the theoretical basic economic principles of demand and supply, changes in dividend pay-out practices and changes in the top management of a company (Alile and Anao,1996).

Others include the amount of funds available from public saving of the company and government fiscal policy. Osaze (1991) while pointing out that literature on stock prices behaviour still provides inconclusive evidence in terms of the factors that determines stock price behaviour however, suggested that such factors could include company-related, industry-related, economy-economy, political factor, volume of trading, money supply, earnings and dividends (Osaze 1991)

The view that the market value of a firm as exemplified by its share price is related to its dividend policy.

Hence,

$$P = \frac{e^i(1-b)}{k-br}$$

When P= Market price per share

$e^i$ = Current earnings

b= Rate of dividend policy

k= All equity firms cost of capital

r= Internal profitability

Dividend and the choice of dividend policy is a factor affecting share price behaviour.

Hence,

$$P = \frac{D+r(E-D)}{K}$$

Where P= Market price per shares

K= Capitalization rate

D= Dividend

r= Internal rate of return

Security price movement have been characterised by the random walk hypothesis which states that changes in security price are independent over time and that the primary reason for the interest in the random walk hypothesis is its relation to the concept of an efficient market.

### **Why share prices rise and fall**

In the long run, returns on investment in shares are rarely matched by other investment alternatives. However, share prices rise and fall on an ongoing basis and investors can lose or make money depending on when they sell and buy. It is therefore necessary for the investor to know why movement in stock prices occurs in order to make optimum investment decisions.

The price of a stock move up or down depending on the supply and demand for the stock at any point in time. The supply and demand represents the quantity of the shares with investors and ready to buy or sell at a point in time. When there are more buyers than sellers of a stock, the price goes up. The reverse holds when sellers outnumber buyers. The quantity demanded or supplied of a stock is determined by internal and external factor of the company.

### **Internal factor**

The internal factors are business factors affecting a company's operations, its business prospects, profitability and viability. These include the company's product, the product cycle, competition, its market presence and market niche. Others are presence of institutional investors in the company and quality of its management.

These factors will determine the level of earnings of a company and its ability to sustain such earnings. When the profitability of a company rises, then its ability to pay dividend and record capital appreciation will increase. The share price will therefore increase. A loss making company or one with declining profitability will have its share price marked down.

### **External factors**

Apart from internal factors, a number of environmental factors external to a company's core business affect its operations. These factors include inflation, interest rate, government's monetary policies, the economic and business cycles, currency fluctuations and political factors. A rising inflation reduces the value of future earnings and consequently stock prices will be negatively impacted. Rising interest rate makes alternative investment attractive reduces cooperative profitability and hence reduces demand for stocks.

The liquidity of the banking system affects the funds available for purchase of stocks as many investors invest on marginal basis. The monetary policy tools used by the Central Bank of Nigeria also affects the stock market. For example, changes in CBN's discount rate affect the interest rate trend. By easing the level of reserve requirement of banks, liquidity within the banking sectors will increase and ultimately increase the demand for stocks. Investors should therefore, monitor CBN's monetary policies and actions, especially, the discount rate to determine if the CBN is in an easing (bullish) or tightening (bearish) mood.

The performance of the stock market depends to a large extent on the performance of the economy. In a strong and growing economic environment, corporate profits will increase and this will translate into rising stock prices. On the other hand, in a slow economy or during recession, corporate profits decline or losses are incurred which causes stock prices to remain stagnant or decline.

### **Other factors that determine share prices in the capital market**

#### **Industry related factors**

This includes the demand and supply condition for the industry goods, raw materials, general effect of government policies, bank credit availability and the impact of inflation on the industry.

#### **Economic related factors**

This includes the general economy output and business performance, interest rate, inflation and change in money supply, levels of investment and strength of the currency.

#### **Political factors**

The outbreak of constituents arising from political differences, political instability and the possibility of loss of investment affects the share prices.

#### **Volume of trading**

This is another factor that determines stock prices. The volume of trading measures the degree of investor's interest regarding a stock and the higher the volume of trading, the higher the price of a stock in the Nigerian Stock Exchange (NSE).

Akinsulire (2008) also identified some distinct factors affecting pricing in the secondary market, they include;

1. Market forces: The interplay of demand and supply is one of the key influences on equity prices in any stock exchange. Where supply of a stock exceeds demand, the price of the stock would fall and vice versa.
2. Market hears say: Unconfirmed information about a company available to the market can affect the pricing of the stock.
3. Corporate performance: The profitability levels shown in financial statement are normally used to determine the prices of ordinary shares the company assumes. Good corporate performance would lead to an enhanced share and demand (positive) situations, while a poor performance especially a loss situation leads to a drop in price and supply.
4. Economy: The stock market is subject to the national economy. It is a microcosm within a macrocosm; its performance is therefore influenced to a great deal by the growth of the economy. Similarly, Osaze (1991) attributes movement in the prices of stock to trading volume, money supply, earnings, dividends, company related, and industry-related, economy related and political factors.
5. Government policy: Government policies are enunciated in the annual budget may favour certain companies and disfavor others. Unfavourable government policies lead to fall in turnover and stock prices.

### **Securities and Exchange Commission (SEC)**

This is the apex regulatory body in the Nigerian capital market. It was set up by the securities and exchange commission Act no 71 of 1979 and re-enacted in Decree No29 of 1988 principally to protect the interest of investors and to oversee the event and orderly development of the capital market. It is referred to as watchdog of investors because of its protective functions. It also has the responsibility of creating the necessary atmosphere for orderly development of the stock market in Nigeria. It has the following functions:

- a. Registration of securities proposed for offer for sale or offer for subscription.
- b. Maintaining surveillance over the securities market to ensure orderly, fair and equitable dealings in securities.
- c. Protect the integrity of the securities market against any abuse arising from the practice on insider trading.
- d. Acting as regulatory apex organization for the Nigerian stock exchange and its branches to which it would be at liberty to delegate power.
- e. Creating the necessary atmosphere for the orderly growth and development of the capital market.

### **Exchange Rate**

The exchange rate is channel through which foreign investors can participate in the capital market. It is argued that when the rate of exchange is high, capital will flow from abroad to the capital market. Since it becomes relatively cheaper to invest in the country other than in other places, thus, it is expected on a prior basis that the EXRT coefficient will be positive. Moreover, the lag effect of share prices is positive. It is expected that a high share price in previous period can lead to increase in share price in current period. The coefficient of one period lagged share price is expected to be positive.

Inflation is a cost on the economy; a high inflation rate will indicate an unstable economy. With high level of inflation, the real value of share will decline which will show a negative impact of inflation in Share prices. However, with a well developed capital market, the prices of shares will be expected to be bullish since the depth and width of the market is assumed. Thus the MCAP coefficient is expected to be positive.

### **Purpose of the study**

Day in day out, price of shares move up and down in an endless manner in response to news and information known and expected about the particular stocks in the Nigerian Stock Exchange. The purpose of this research paper was to ascertain whether share price appreciation has contributed immensely to the growth and development of the economy. This broad objective was:

1. To examine the trend of inflation rate and stock prices in some selected sectors of the economy.
2. To ascertain whether share appreciation has contributed immensely to the growth and development of the economy through interest rate and stock price.
3. To examine the relationship between market capitalization and stock prices over the years for the entire market.

## Research Questions

Within the scope of the study, the following questions were raised:

1. Does the trend of inflation rate have any influence on stock prices in the selected sectors of the economy?
2. How does share appreciation contributed immensely to the growth and development of the economy through interest rate and stock price?
3. Does there any relationship between market capitalization and stock prices over the years for the entire market?

## Hypotheses

Ho<sub>1</sub>: There is no significant relationship between inflation rates and stock prices

Ho<sub>2</sub>: There is no significant relationship between interest rates and stock prices.

Ho<sub>3</sub>: There is no significant relationship between market capitalization and stock prices.

## Methodology

The data used for the estimation of the specified equation are annual time series data that are sourced from the data storage agencies like Central Bank of Nigeria, Statistical Bulletin, Nigeria Stock Exchange, Securities and Exchange Commission. The focus on data from Nigeria stock Exchange and Securities and Exchange Commission was concentrated on as a result of the fact that they provide accurate information on the stock market activities on which the research work is being centered on. The method of data analysis for the estimation is Least Square Method which brought about the Over Parameterized Result and Parsimonious Error Correction Result.

## Results

Data processing and analysis was done through tables' format which was explained.

**Table 1:** Over parameterized result

Dependent Variable: Least Square Method, sample (adjusted) 1988-2011 included observations 24 after adjusting end points.

Variables	Coefficient	Std. Error	T-Statistic	Probability
C	8347.257	2603.965	3.2056	0.0107
D(ASI(-1))	-2.574	1.049	-2.4534	0.365
D(ASI(-2))	-4.565	1.383	-3.300	0.0092
D(INFR)	73.683	109.93	0.670	0.5195
D(INFR(-2))	-184.96	116.24	-1.5911	0.1460
D(INT)	97.015	137.26	0.7067	0.4976
D(INT(-1))	557.899	711.095	0.7845	0.4529
D(INT(-2))	-651.388	437.75	-1.488	0.1709
D(MCAP)	-688.7225	482.83	-1.426	0.1875
D(MCAP(-1))	-0.0146	0.0077	-1.905	0.081
D(MCAP(-2))	0.0015	0.017	0.093	0.9279
ECM(-1)	0.047	0.0401	1.176	0.2697
	2.0271	0.7660	26461	0.0266

R-square	0.785706	Mean dependent var	938.05
Adjusted R-square	0.499980	S.D dependent var	8742.3
S.E of regression	6181.864	Akaike info	20.384
Sum squared resid	3.44E+08	Schwarz criterion	21.229
Log likelihood	-213.4309	F-Statistic	2.749
Durbin-watson star	1.3621	Prob(F-Statistics)	0.0682

**Source:** CBN Statistical Bulletin

From the table 1 above, the over-parameterized results show that  $R^2=78.6\%$  which indicates a strong relationship and a good fit with an F-Statistic value of 2.7498 and a probability value of 0.0682 and a vector error correction term. This is further analysed by a parsimonious ECM and is appropriately signed and significant.

**Table 2:** Parsimonious Error Correction Result

Dependent Variable: Least square Method, sample (adjusted) 1988-2011 included observations: 24 after adjusting end points.

Variable	Coefficient	Std. Error	T-Statistic	Probability
C	7474.02	1890.642	3.953	0.0017
D(ASI(-1))	-2.43	0.524	-4.647	0.0005
D(ASI(-2))	-4.64	0.862	-5.381	0.0001
D(INFR(-1))	-114.39	72.979	-1.567	0.1416
D(INT(-1))	-611.46	333.11	-1.8355	0.0894
D(INT(-2))	-545.33	325.45	-1.6756	0.1177
D(MCAP)	-0.0136	0.0058	-2.3194	0.0373
D(MCAP(-2))	0.0529	0.016	3.165	0.0074
ECM(-1)	1.770	0.500	3.539	0.0036

R-squared	0.7634	Mean dependent var	938.05
Adjusted R-squared	0.6179	S.D dependent var	8742.303
S.E of regression	5403.656	Akaike info	20.3196
Sum squared resid	3.80E	Schwarz	20.765
Log likelihood	-214.5	F-Statistic	5.245
Durbin-watson	2.3400	Prob. (F-Statistic)	0.00433

**Source:** CBN Statistical Bulletin

From table 2, the parsimonious error correction results indicates a good fit with an F-ratio of 2.749862 and an  $R^2$  of 0.78 and an adjusted  $R^2$  of 0.49 meaning that the model explains approximately 78% of the variations in stock prices standing as a proxy by all share price index, the D-watson statistics of 2.362112 suggests absence of any autocorrelation and supported by a probability value of 0.0036 and is significant at 5% level of significance. Also, two of the variables; inflation rates and interest rate have a negative relationship and are not stationary at 5% while market capitalization has a positive relationship and is stationary at 5% significant level with probability value of 0.0074.

### Hypothesis Testing

**Table 3:** Test of Hypothesis 1-3

	Statement of hypothesis	Coefficient	P-value	Decision(Null)
H <sub>1</sub>	There is no significant relationship between inflation and share price	D(INFR(-1)) (-114.3903)	(0.14176) Not Significant	Accepted
H <sub>2</sub>	There is no significant relationship between interest rate and stock price	D(INT(-2)) (-545.3357)	(0.1177) Not Significant	Accepted
H <sub>3</sub>	There is no significant relationship between market capitalization and share price	D(MSS(-2)) (0.0529)	(0.0074) Significant	Rejected

### Policy Implications

The result from the model gives rise to some policy directions. Firstly, it is seen that a growing and developed capital market without lucid imperfections is a stimulating factor to the prices of shares. This implies that, if the capital market should be further developed, both in breadth and width, the inherent imperfections removed and the prices of shares will be on increase.

Secondly, a rising Naira exchange rate can lead to increase in price of shares. This is because as the rate increases, it will be more beneficial for foreign investors; especially market seeking investors to invest in the capital market. These will inadvertently increase the capacity and development of the capital market and thus, the price of shares.

Finally, the development of the capital market affects share prices. If inflation is high, the share prices will tend to reduce. Thus, on the reverse, if inflation is curbed and the economy is in the path of rapid development, share

prices will be on increase. In terms of economic progress, share prices boom while in terms of economic recession, share prices drop.

### Discussion

Having examined the trends of share prices in the Nigeria Stock Exchange, the following findings were revealed.

1. It was found out that market capitalization (MCAP) has a positive relationship on share price (SPRI), this might not be connected with the recent global economic melt-down but still, MCAP passed the statistical test of significant at 5% level which showed that market capitalization as an individual variable has significant impact on share price movement in the stock market.
2. Also, exchange rate was found to have a positive effect on the share price. Which implies that it passed the 5% level of significant test and this is a good determinant of share price movement
3. The inflation variable was found to have a negative impact on share price. It therefore means that inflation could not pass 1% and 5% of significant test and this shows that inflation is not good determinant of share price movement.
4. A rising naira exchange rate can lead to an increase in price of shares. Finally, the result shows that a growing and well developed capital market without lucid imperfections is a stimulating factor to the share prices.

### Conclusion

There is no doubt that the Nigerian Stock Exchange has achieved great strides and gained recognition among emerging markets. Notwithstanding, the impressive performance, the NSE can still do a lot to bridge the wide margin in the provision of long-term/stable capital for Nigerian economic development.

Since market capitalization, exchange rate, inflation was found out to be strong variables significant in the determination of trends of share prices, suffice to say that market capitalization, exchange rate both have significant impact on the movement of share prices in the NSE while inflation rate have a negative impact on the movement of share prices.

In order words, market capitalization and exchange rate should be increased to bring about an upward trend in the share price. Thus, it will improve the development of the capital market and the economy as a whole. On the other hand, inflation rate can be curbed by stabilizing prices and interest rate in the economy. Thus, it will increase the trend of share prices in the Nigeria Stock Exchange.

### Recommendations

Based on the implications of the result from the empirical research, the following recommendations were made;

1. The government should ensure that macroeconomics policies are put in place to reduce the inflationary trend in the country in order to increase the share price, which in turn will boost the economy as a whole.
2. The government should also ensure that macroeconomics policies are put in place to curb the problem of economic melt-down in order to increase market capitalization so that it can have positive relationship with the share prices.
3. The breadth and width of capital market should be broadened. Perhaps, this will give investors more confidence to invest in shares.
4. The government should stabilize the economy especially prices and interest rate since it can help to reduce inflation and unemployment in the economy. Thus, increasing the trend of share prices in the economy.
5. There is need for public enlightenment campaign to arouse the interest of inviting public who reside outside the major cities and who would wish to avail themselves the opportunities in both new issues and secondary market. It is also important for stockbrokers to behave responsibly in pricing and as much as possible avoid the temptation of push prices based on their portfolio holdings.

### Bibliography

- Al-Faki M. (2006). „ The Nigerian capital market socio-economic development““. Paper Presented at the 4th distinguished faculty of social science public lecture. University of Benin, 26 July, 9-16.
- Alile, H.I and Anao, A.R (1996): “The Nigerian Stock Market in Operation” Benin City; University of Benin Press.
- Alile H.I (2002). „ Establishing a stock market – the Nigerian experience““. Paper presented at the conference on promoting and development capital market in Africa. Abuja No 11-13.

- Akinsulire, O. (2008): “Financial Management” Fifth Edition, Mushin Lagos; EL-Toda Ventures Limited.
- Ariyo and Adelegan O (2005). “Assessing the impact of Capital Market Reforms in Nigerian; An incremental approach „”, paper presented at the 46th Annual conference of the Nigerian economic society in Lagos in August 2005.
- Barlett, B. (2000)““ Opinion Editorial on the effect of stock market on the Economy”““, National Centre for Policy Analysis, Feb 2000.
- Beck, T. Demirguc-kunt and Levine (2004). „“Stock Market, Banks and Growth Correlation or Causality?”““, Policy research working paper. 2000 Washington DC; World Bank.
- Central Bank of Nigeria (2009): “Financial Markets in Nigeria”
- Central Bank of Nigeria (2009): “Statistical Bulletin” vol. 18.
- Demirguc-Kunt, A and Maksimovic, V (1998), „“ Stock Market Development and Financial Choices of firms”““, World Bank Economic Review, (10):341-36
- Ewang S.E, Esang A.E, Basse J.U (2009),““ Appraisals of Capital Market Efficiency on Economic Growth in Nigeria,”““ International journal of business and management, December. 219-225.
- Fleming, A E and Guigale MM (2000),““ Financial System in transition, Singapore: world Scientific.
- Henry (2001),““ Do stock market liberalisation cause Investment Booms”““, Journals of Financial economies, (58):301-334.
- Micheal, A. U (2004): “How to Buy and Sell Shares in Nigeria- A practical Guide” Lagos, Drat Trusts Consult.
- Nigeria Stock Exchange Annual Report (2012).
- Nigeria Stock Exchange Fact Book (2012).
- Nigeria stock Exchange Hand Book: <http://www.nse.com.ng>.
- Osaze, B. E (1991): “The Capital Market- Its Nature and Operational Character” Benin City; University of Benin Press.
- Securities and Exchange Commission Journal (2011)

## Appendices

### Appendix 1

Data presentation of Aggregate stock price, inflation rate, interest rate and market capitalization for Nigeria (1988-2011)

Years	ASI	INFR	INTR	MCAP
1988	233.6000	38.30000	13.40000	42780.30
1989	325.3000	40.90000	18.90000	46222.90
1990	513.8000	7.500000	19.60000	64902.70
1991	783.0000	13.00000	15.70000	86152.50
1992	1107.600	44.50000	20.80000	129085.5
1993	1543.800	57.20000	23.60000	198479.2
1994	2205.000	57.00000	15.00000	266944.9
1995	5092.200	72.80000	13.60000	318763.5
1996	6992.100	29.30000	12.90000	370333.5
1997	6440.500	8.500000	7.040000	429731.3
1998	5672.700	10.00000	10.20000	525637.8
1999	5266.400	6.600000	12.68000	699733.7
2000	8111.000	6.900000	10.60000	1036080.
2001	10963.10	18.90000	10.20000	1315869.
2002	12137.70	12.90000	10.30000	1599495.
2003	20128.90	14.00000	14.30000	1985192.
2004	23844.50	15.00000	13.69000	2263588.
2005	24085.80	17.90000	10.53000	2814846.



2006	33189.30	8.200000	9.750000	3937311.
2007	57990.20	5.400000	10.29000	5349254.
2008	31450.80	11.60000	11.95000	8468490.
2009	20827.20	12.40000	13.30000	10767378
2010	31450.80	13.20000	14.65000	13066266
2011	208727.20	14.00000	14.65000	15365151

**Source:** Central Bank of Nigeria Statistical Bulletin, 2011 and Nigerian Stock Exchange Fact Book Various Years.

**Note:** ASI = All Share Price Index, INFR = Inflation Rate, INTR = Interest

## Appendix 2

Performance of Equities Listed in the Nigeria Stock Exchange (1988-2011)

Year	Trading Volume	Trading Value	Turnover Ratio
1988	18.8	22.4	0.4
1989	19.5	22.9	0.3
1990	52.6	87.8	0.7
1991	47.2	90.0	0.5
1992	105.7	237.1	0.9
1993	186.7	286.6	0.7
1994	190.8	401.3	0.7
1995	346.1	1788.1	0.1
1996	733.5	6922.6	2.5
1997	1160	10923.2	3.9
1998	2080.6	13555.3	5.1
1999	3913.6	14026.6	4.8
2000	4998.1	28146.5	6
2001	5890.8	57612.5	8.9
2002	6615.9	59311.3	7.9
2003	13242.1	113886.6	8.6
2004	18982.1	233885.6	7.9
2005	26493.1	254707.8	10.1
2006	36661.2	486588.4	11.1
2007	48635.9	492248.3	11.6
2008	50457.4	511342.1	11.9
2009	59322.3	538111.3	12.2
2010	62448.4	542650.6	13.6
2011	70321.5	550255.9	13.9

Source: Securities and Exchange Commission

### Appendix 3

#### Growth in the Number of Listed Securities (1988-2011)

Year	Govt. Stocks	Industrials & Bonds	Equities including SSM	Total
1988	51	35	102	188
1989	47	40	111	198
1990	43	43	131	217
1991	40	57	142	239
1992	36	63	153	251
1993	37	71	174	272
1994	35	64	177	276
1995	28	67	181	276
1996	24	69	183	276
1997	22	60	182	264
1998	19	59	186	264
1999	15	58	196	268
2000	12	53	195	260
2001	11	56	194	261
2002	10	53	195	258
2003	14	51	199	264
2004	17	52	207	276
2005	23	50	214	287
2006	45	47	202	293
2007	62	38	212	312
2008	53	36	220	309
2009	59	32	216	307
2010	68	30	230	328
2011	70	25	238	333

Source: Nigeria Stock Exchange fact book