

Macroeconomic Determinants of Stock Market Performance in Nigeria

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Abstract

This study examined macroeconomic determinants of stock market performance in Nigeria, using exchange rate, interest rate and inflation rate as proxies for the independent variable while all share index was used as proxy for the dependent variable. The ordinary least square (OLS) model was used for the analysis covering a period of ten years from 2015 to 2024. The OLS findings revealed that of the tested variable determinants, only exchange rate had a significant positive effect on all share index. Interest rate was negative and insignificant while inflation rate was positive and insignificant. It was recommended that the CBN should consider policies that will lead to a sustainable exchange rate in the country; the CBN should continue to pay particular attention to interest rate stability as one of the key macroeconomic objectives; and the government should continue to vigorously pursue policies aimed at taming the domestic inflationary pressures.

Keywords:

Macroeconomic
Variables, Stock
Market, Performance,
Interest Rate,
Exchange Rate,
Inflation Rate.

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Background to the Study

Macroeconomic variables are indices that measure trends in economic growth and business cycles within an economy. They are generated from the interplay of government policies and day-to-day business activities within a country. These indices are collated, summarized and kept by relevant agencies charged with such functions. The variables are veritable pictures of the volume and characteristic of the business transactions in the system and how they emanate. Macroeconomic variables range from indices that reflect the average interest rate, average exchange rates, inflation rates and includes figures for aggregate measures of production and output in the system such as gross domestic product (GDP) and money supply. Macroeconomic variables are very important as they can influence the trend in various areas of business activities including performance of quoted stocks.

Stock market performance is a very significant and inevitable feature of actively traded shares on an Exchange. Stock market performance is generally measured by movement in the all shares index which can move either downwards or upwards depending on the forces driving the shift at any point in point. With an active market, investors can either gain or lose substantial proportions of their investment within a couple of minutes due to sudden price movements. Remarkable fluctuations have been observed in the Nigerian share index especially over the past ten years.

Stock market performances are determined by a number of factors ranging from market sentiments, fundamental factors, macroeconomic variables, market manipulations, unforeseen events to technical forces. Share prices are determined primarily by the mechanism of price discovery. This follows the economic law of demand and supply which holds that quantity demanded of a product has an inverse relationship with price, while quantity supplied is positively correlated with the price of the product. This study was set out to investigate the relationship between the selected macroeconomic variables and stock market performance in Nigeria, over a period of 10 years from 2015 to 2024.

Statement of the Problem

The all-shares index in Nigeria have witnessed obvious volatility from 2015 to 2024. From 28,642.25 points as at 31 December 2015, the index closed at 102,926.40 points as at 31 December 2024, which translates to 259.35% change over the ten years period. Investors, brokers and academicians have been perplexed at the sharp movement and have been seeking to identify the factors responsible for this level of performance. The need to establish the determinants of these obvious price movements in Nigerian stock market performance cannot be overstated. The foregoing raises a fundamental question: are the selected macroeconomic variables (exchange rate, interest rate and inflation rate) responsible for stock market performance in Nigeria between 2015 and 2025? What is the magnitude, direction and significance of the relationship between the selected variables and stock market performance? Engel and Rangel (2005) identified that emerging markets are the most volatile stock markets, and that such emerging stock markets are more volatile when short-term interest rates, exchange rate, inflation and money supply

are volatile. Other studies that found one form of association between macroeconomic variables and stock market activities are those of Asekome and Agbonkhese (2015), Lawal, Somoye, Babajide and Nwanji (2018), Kankpang, Lawal, Nkiri and Iwara (2023), Nwosu, Mairafi, Musa and Kolo (2025) which all found that macroeconomic variables are associated with stock market activities. However, other researchers such as Okoro (2017), Udoka, Nya and Bassey (2018), Jabil, Ibbih and Akawu (2025) are of the view that business environment factors such as dividend yield, taxes, price-earnings ratio, government regulations, mergers and acquisitions, company earnings report, development of innovations, high level of competition, technology and company cash flows/profits are the major determinants of stock market performance as against macroeconomic indices. These dichotomies in research findings calls for further work in this area. This was among the recommendations of Okoro (2017) who stated that future empirical investigations should focus on finding out the best macroeconomic variables that impact positively on stock market in Nigeria.

Research Questions

This study provided answers to the following research questions:

- i. To what extent has foreign exchange rate affected stock market performance in Nigeria?
- ii. To what extent has interest rate affected stock market performance in Nigeria?
- iii. To what extent has inflation rate affected stock market performance in Nigeria?

Research Objectives: The main objective of this study was to examine the macroeconomic determinants of stock market performance in Nigeria. Other specific objectives are as follows;

- i. To assess how exchange rate has affected stock market performance in Nigeria.
- ii. To determine how interest rate have affected stock market performance in Nigeria.
- iii. To investigate how inflation rate has affected stock market performance in Nigeria.

Plan of the Study

The other sections of the study are organized as follow: Section 2 presents the review of prior literature and provides the theoretical perspective of the Study; Section 3 provides the methodological approach for the Study; Section 4 focuses on the study's analysis and discussion of findings; and Section 5 summarizes and concludes the Study.

Literature Review and Theoretical Framework

Conceptual Review

All Share Index

An "all share index" is a stock market index that tracks the performance of all listed companies on a specific stock exchange. It provides a broad measure of market performance, as it includes the stock prices of every company within the exchange. The All-Share Index tracks the general market movement of all listed equities on Nigerian

Exchange, including those listed on the Growth Board, regardless of capitalization. According to Udenwa and Uwaleke (2015), the current market price is the price at which the last deal was done at the Stock Exchange on a particular trading day, while the public quotation price is the nominal value per share into which the company have divided its total shares and is useful mainly for accounting balance sheet purposes. It was based on this line of thought that Anichebe (2019) examined the influence of gross domestic product, exchange rate, interest rate and inflation rate on all share index. The all share index in Nigeria started at 100 points in 1985 and has grown over the years to close at 102,926.40 points as at 31 December 2024, which translates to a variance 259.35% over the ten years period.

Exchange Rate

Exchange rate is the value (worth) of one currency in terms of a unit of another currency. It is the purchasing power of a nation's currency when compared with the currency of another nation. According to Adegbite (2007), exchange rates is the means of effecting trade and capital flows across international borders. and should therefore be of tremendous importance. Continuing, Adegbite stated that exchange rates have been variously defined in the literature such as 'the relative price of two national monies', 'the relative price of two national outputs' etc. There are different exchange rate policies that a nation can operate or adopt. In a fixed exchange rate regime, the monetary authorities fix a rate at which its local currency will be bought/sold against other currencies. In a flexible exchange rate regime, the rate is left to be determined by the forces of demand and supply. A hybrid policy implies a combination of both the fixed and flexible in which the monetary authorities intervene in the foreign exchange market while allowing market forces to operate as well. It is in the context of a hybrid exchange rate policy that Abraham (2016) recommended that the Central Bank of Nigeria should stop protecting the Naira from devaluation and keeping the rate low when it is not as low in the real sense of it.

Interest Rate

Chen, Ross and Ross (1986) conceptualized and also proved empirically how movements in macroeconomic variables affect future dividends and discount rates and thereby impacting the stock prices of entities. Fama (1981) and Chen et al (1986) tested the relationships between changes in stock prices and macroeconomic variables in the United States and stated that a long-term relationship exists between macroeconomic variables and stock market. Lawal et al (2018) conceptualized that one of the transmission mechanisms of the government's monetary policy to the capital market is through the 'interest rate channel'. This means that increase in interest rate will lead to increase in a Company's cost of capital thereby altering its present value of future cash flows and transmit into lower stock prices. They added that upward shifts in interest rate will limit the level of a Company's investment which in turn will reduce the present value of its future cash flows, reduce its wealth and capital formation, thereby transmitting to a fall in its share price.

Inflation Rate

Olofin (2001) stated that inflation means a persistent rise in the general level of prices of goods and services. Conceptually, inflation is usually measured by the Consumer Price Index (CPI) as changes in the CPI represents the inflation rate over that period of measurement. In general terms, it is said that inflation occurs when 'too much money is purchasing too few goods/service'. There are basically two causes of inflation, these are Demand-Pull Inflation and Cost-Push Inflation. Cost-Push inflation occurs when the general cost of raw materials is high and this is transferred to cost of finished goods by the producers. Demand-Pull inflation exists when the demand for goods/services far exceeds its supply, thereby making the price to rise. Other variants of these two broad types/causes of inflation are Wage-Push Inflation which results from increase in minimum wage, Supply-Shock Inflation which happens as a result of shortage of a particular product such as agricultural outputs in a year of low/late rainfall. Chen et al. (1986) argued that the relevant macroeconomic variables that affect transactions in the stock market are aggregate production, inflation, short-term interest rates, the maturity risk premium and default risk premium.

Theoretical Review

Arbitrage Pricing Theory

The Arbitrage Pricing Theory (APT) an empirically proven way of connecting macroeconomic variables and stock market behavior. Under the APT, multiple risk factors can be used to explain asset price characteristics (Ross, 1976). It is important to mention that the APT arose in finance literature mainly due to the great limitation of the CAPM being that the CAPM assumes the existence of only one risk factor which in reality is not obtainable. The Arbitrage Pricing Theory states the expected return on an investment is dependent upon how the investment reacts to a set of individual macroeconomic factors and the risk premium associated with each of those macroeconomic variables. Most of the characteristics and features of the CAPM also applies to the APT. Arbitrage pricing theory can also be explained as a multi-factor asset pricing model based on the idea that an asset's returns can be predicted using the linear relationship between the asset's expected return and a number of macroeconomic variables that capture systematic risk. It is a useful tool for analyzing portfolios from a value investing perspective, in order to identify securities that may be temporarily mispriced. The arbitrage pricing theory was developed by the economist Stephen Ross in 1976, as an alternative to the capital asset pricing model (CAPM). Unlike the CAPM, which assume markets are perfectly efficient, APT assumes markets sometimes misprice securities, before the market eventually corrects and securities move back to fair value. Using APT, arbitrageurs hope to take advantage of any deviations from fair market value. John (2019) anchored his work on the APT and used for macroeconomic variables: Money Supply, Interest Rate, Exchange Rate and Inflation Rate as the determinants of stock market performance in Nigeria. The Arbitrage Price Theory (APT) have been chosen as the theoretical underpinning of this study. This is because the theory fits well into being used to test the conceptual framework of the study. Under this research, the multi risk factors of the APT have been proxied by the three macroeconomic variables which are expected to affect the stock market performance in Nigeria.

Empirical Review

Dahir, Mahat, Razak and Bany-Ariffin (2018) investigated the link between exchange rates and stock returns in Brazil, Russia, India, China and South Africa (BRICS) from 2008 – 2015. Under a wavelet analysis, the study tested the relationship between exchange rate as the independent variable and stock market return as dependent variable for each of the countries. The result confirmed that exchange rate lead stock returns in Brazil and Russia, stock returns lead exchange rate in India, South Africa showed a bidirectional causality while there was no correlation for China. It recommended that investors and regulators should consider the frequency-varying exchange rates while taking investment decisions and making policies in order to avoid financial risks. Akwe, Garba and Dang (2018) studied the effects of macroeconomic factors on stock returns in Nigeria from 2007 to 2016. Using ex-post facto research design adopting the panel regression method, there was significant negative effects between inflation rate, money supply and stock returns of selected quoted companies in Nigeria.

Mahapatra and Bhaduri (2019) studied the impact of Indian Rupee fluctuation on the Indian Stock Market between 2005 – 2016. The study was split into two viz: before the financial crisis and after the crisis adopting a two-factor arbitrage pricing model for estimating the dynamic relationship between the variables. The study presented evidence that the Indian stock market is significantly impacted by fluctuations in the Indian local currency exchange rate to the United States Dollars during the post crisis period especially between 2012 – 2016. The authors explained that this implies that the Indian investors are expecting a premium for the risk taken by them in investing in the stocks, that is the risk of currency depreciation. Anichebe (2019) investigated the macroeconomic determinants of stock price in Nigeria from 1981 to 2017. The methodology adopted was the ordinary least squares technique while the findings was that the macroeconomic variables have long run relationship with stock price in Nigeria.

Emmanuel and Benson (2023) examined the relationship between macroeconomic variables and stock market development in Africa with evidence from Nigeria, covering a period of 30 years from 1990 to 2020. The autoregressive distributed lag model adopted for the examination showed that only inflation had a negative and significant impacts on stock market development. Gbanador (2024) conducted research into the nexus between macroeconomic variables and stock price behaviour in Nigeria from 1995 to 2021. The methodology of investigation adopted was the Parsimonious Error Correction model and the fully modified Least Square. The findings were that there was evidence of long-run relationship between the dependent and independent variables.

John (2019) tested the effect of macroeconomic variables on stock market performance in Nigeria using annual time series data spanning 1981 – 2016. The explanatory variables were money supply, interest rate, foreign exchange rate and inflation rate while market capitalization of Nigeria stock exchange was used as explained variable. The cointegration examination disclosed the existence of relationship between money supply, interest rate, exchange rate and inflation rate with market capitalization in the

long run. The ordinary least squares regression estimation indicated that only money supply (positive) and interest rate (negative) were significant while exchange rate and inflation rates were insignificant. The took a stand by concluding that money supply and interest rate are true factors influencing stock market capitalization, and therefore recommended that government should pursue a policy that will boost money supply while at the same time reducing interest rates to relatively low levels. Odiche and Udeora (2020) estimated the relationship between activities of macroeconomic variables and stock market performance in Nigeria from 1986 to 2015. The pairwise granger causality test, and the error correction model used discovered that there is an existence of long-run relationships among market capitalization and macroeconomic variables.

Iwara, Okoi and Okoi (2022) studied the link between interest rate and savings in Nigeria from 1970 to 2016 which was a period of 46 years using ex-post facto research design with an error correction model estimation. They found out that there was non-significant long run and short run effect of interest rate on savings. Nwako, Okdim and Tuaneh (2022) undertook a study on the nexus between share price volatility and economic growth in Nigeria between 1980 and 2018 using the pooled mean group of panel autoregressive distributed lag model. The result showed that both share price and share price volatility had positive signs in the long run. Kankpang et al (2023) undertook a conceptual analysis of price movement, stock determinants and their effects on economic growth from 1985 to 2019 in Nigeria. The study adopted ARDL and concluded that interest rate, inflation, exchange rate and GDP have a long-run significant effects on share price fluctuations in Nigeria.

Okoro (2017) investigated the effect of selected macroeconomic factors (gross domestic product, money supply, interest rate, inflation rate and exchange rate) on all share index performance in Nigeria, using ex-post facto research design and Ordinary Least Square regression technique over a period of thirty years from 1986-2015. All the variables could not be used to predict performance of the stock market in Nigeria, as all were insignificant. Also, Lawal et al (2018) analysed monthly data using the ARDL and EGARCH models in examining the impact of fiscal and monetary policies on stock market behaviors with all share index as dependent proxy, and showed that All Share Index volatility is sensitive to volatility in the interactions between fiscal and monetary policy instruments from January 1985 – December 2015.

In a study titled the effect of macroeconomic determinants of stock price movements in Nigeria, Udoka et al (2018) examined the effect of gross domestic product, exchange rate, interest rate and inflation rate on average stock price. The augmented dickey fuller unit root test and autoregressive distributed lag models were adopted to empirically test secondary data collected over a period of 29 years between 1986 – 2014 under an ex-post facto research design and secondary data collection method. The models revealed that there was no long run relationship between the variables tested. The authors therefore recommended that policy makers in Nigeria should pursue policies that will stimulate investment in the capital market.

Aminu and Mukhtar (2021) studied the efficiency and profitability of listed deposit money banks in Nigeria from 2005 to 2014 using random effect generalized ordinary least squares model and concluded that firm efficiency does not have significant impact on the profitability of the listed DMBs in Nigeria. Nwosu et al (2025) performed an empirical review on the effect of macroeconomic factors on financial performance of selected quoted manufacturing companies in Nigeria between 2014 and 2023 using panel regression analysis. It was concluded that macroeconomic factors, particularly gross domestic product and interest rate influence financial performance of selected quoted manufacturing firms in Nigeria.

The study by Jabil et al (2025) utilized the ARDL model to test the link between macroeconomic variables and the performance of Nigerian capital market, and found out that growth rate of GDP and exchange rate has a positive and significant impact on capital market performances in Nigeria, both in the short-run and in the long-run. On the other hand, interest rate has a negative and significant impact on capital market performance in the short-run and in the long run, but inflation rate has a positive but significant impact on capital market performances in Nigeria, in the short-run but in the long run inflation rate has insignificant impact on capital market performance in Nigeria.

Identified Gaps in Literature

In conclusion of the empirical review, all the works reviewed are different in terms of their methodology, nature of data, location, timeframe and findings. This study is peculiar because it used the ordinary least squares regression method to test the macroeconomic determinants of stock market performance for a period of ten years from 2015 to 2024 and the work is very current as it captured data up to the last quarter of the year 2024.

Methodology

This study adopted ex-post facto research design by reliance on quantitative secondary data for the study population. The time series data had already been collected and stored by the Central Bank of Nigeria and Nigeria Exchange Limited from where they were retrieved by the researcher for this purpose. The study population comprised the 143 listed banks whose shares were traded on the floor of the Nigeria Exchange (NGX) as at 31 December 2024. The data for the study covered a period of 10 years running from January 2015 – December 2024. Macroeconomic variables and all share index data were extracted from the CBN statistical bulletins for the 10 years period covering 2015 to 2024. The statistical bulletins were downloaded from the CBN website and the relevant variables were picked from the database and harmonized for the study. The dependent variable was proxied with 'all share index' while macroeconomic variables was constructed with exchange rate, interest rate and inflation rate. The functional model for this study is stated as follows:

$$ASI = F(EXR, INT, INF)$$

The model is stated econometrically as;

$$ASI_{it} = \beta_0 + \beta_1 EXR_t + \beta_2 INT_t + \beta_3 INF_t + \varepsilon_{it}$$

Where;

ASI_{it} = All Share Index at time t

EXR_t = Exchange Rate at time t

INT_t = Interest rate at time t

INF_t = Inflation Rate at time t

ε = error term

β_0 = Intercept of the regression line

β_1 - β_4 = Coefficient of the independent variables

Data Presentation and Analysis

Data Analysis: The study data analysis comprised descriptive statistics, correlation analysis, and ordinary least squares regression. The outcome of these tests is presented and discussed in this section.

Summary of Descriptive Statistic

Table 1: Descriptive Statistics

	All Share Index	Exchange Rate	Interest Rate	Inflation Rate
Mean	46,397.14	513.44	28.58	18.00
Median	39,256.96	344.00	28.13	15.69
Maximum	102,926.40	1,536.50	30.60	31.43
Minimum	26,842.07	197.00	26.71	9.55
Std. Dev.	24,596.04	407.48	1.3127	7.2980
Skewness	1.6700	2.1724	0.5038	0.9365
Kurtosis	2.4040	4.6499	-0.7276	-0.0855

Source: Regression Analysis Output, June 2025

The table above shows the descriptive statistics, the descriptive statistics of data provides information about sample statistics such as mean, median, maximum value and minimum value and the distribution of the sample measured by the standard deviation, skewness and kurtosis and the Jarque-Bera statistics. The skewness and kurtosis statistics provide useful information about the symmetry of the probability distribution of various data series as well as the thickness of the tails of these distributions respectively. The descriptive statistics exhibits the mean value of all share index (ASI) to be 46,397.14, maximum value of 102,926.40, the minimum value of 26,842.07, and standard deviation value of 24,596.04. The standard deviation value of ASI is less than the mean value of 46,397.14 which indicates that the data are not widely dispersed from the mean. The skewness value of ASI is 1.67 and positive, it means that the distribution of the variables is asymmetric in nature and skewed to the right.

The table 1 shows the average value of exchange rate (EXR) to be 513.44. The minimum value of EXR is 197.00 with maximum value of 1,536.50 and standard deviation of 407.48. The standard deviation value of 407.48 is less than the mean value of 513.44, it means that the data are not widely dispersed from the mean. The skewness value of EXR is 2.17 which is positively skewed which is considered to be symmetrical above its mean and the distribution has long right tail. The kurtosis statistics obtained for a maximum value of 3 is expected to guarantee the normality of the distribution. The kurtosis value of EXR is 4.63 which is close to 3, it shows that the variable is normally distributed.

The descriptive statistics reveals that interest (INT) mean value is 25.58, maximum value is 30.60, minimum value of 26.71 and standard deviation of 1.31. The skewness value of the variable is 0.50 with kurtosis of -0.73. Also, the table reveals that the average value of inflation rate (INF) is 17.80, the maximum value is 31.43, minimum value of 9.55, standard deviation value of 7.30. The skewness value of the variable is 0.94 which is close to zero and positive, it means that the distribution of the variables is symmetric and has right tail. The Kurtosis values of INF is -0.08.

Discussion of Correlation Matrix

Table 2: Correlation Matrix

Variables	ASI	EXR	INT	INF
ASI	1.0000			
EXR	0.9772	1.0000		
INT	0.1906	0.2284	1.0000	
INF	0.9188	0.8955	0.1011	1.0000

Source: Regression Analysis Output, June 2025

The table 2 presents the correlation matrix of the variables. The above matrix depicts the degree and direction of the association between each pair of variables being analyzed. A correlation coefficient with negative sign reveals the presence of an opposite relationship between the two variables. The correlation result indicates that all the three external factors (exchange rate, interest rate and inflation rate) are positively correlated to all share index. These correlations are given by the respective coefficients of 0.9772, 0.1906 and 0.9188 for exchange rate, interest rate, inflation rate respectively.

Test of Hypotheses: The statistical test of the three hypotheses of this study was undertaken using the ordinary least squares regression analysis result as presented in the table 3.

Table 3: Ordinary Least Square Regression Results

Variable	Coefficient	Standard Error	t-statistics	Probability
C	14,734.00	44,737.8051	0.3293	0.7531
EXR	47.49	10.9480	4.3377	0.0049
INT	-202.39	1,520.3450	-0.1331	0.8984
INF	726.00	598.1854	1.2137	0.2705
R-Squared	0.9647			
Adjusted R ²	0.9470			

Source: Regression Analysis Output, June 2025

The regression line $ASI = 14,734.00 + 47.49EXR - 202.39 + 726.00INF$ indicates that all share index will rise by 47.49 units for every 1 unit increase in exchange rate (EXR), decrease by 202.39 units for every 1 unit increase in interest rate (INT), increase by 726.00 units for every 1 unit increase in inflation rate (INF). The Coefficient of Determination (R^2) of 0.9647 indicates that about 96.47% of variation in all share index can be explained by EXR, INT and INF. Based on the adjusted R^2 of 0.9470, the ability of the regression line to predict ASI is about 94%. The remaining 6% are attributed to other independent variables that are not captured in the regression.

Hypothesis One (H_{01}): There is no significant relationship between exchange rate and stock market performance. The empirical result shows that there was a significant positive effect of exchange rate on stock market performance in Nigeria between 2015 and 2024. The result output in table 3 indicates that the p-value of 0.0049 is within the acceptable 5% level of significance. Hence, this study could reject the null hypothesis.

Hypothesis Two (H_{02}): There is no significant relationship between interest rate and stock market performance. The empirical result shows that there is an insignificant negative effect of interest rate on all share index in Nigeria. The result in table 3 clearly showed that the p-value of 0.8984 lies outside the acceptable region of 5% level of significance. Hence the null hypothesis of “no significant relationship” was not rejected.

Hypothesis Three (H_{03}): There is no significant relationship between inflation rate and Nigerian stock market performance. The empirical result shows that inflation rate exerted an insignificant positive effect on all share index in Nigeria between 2015 and 2024. Considering the result output in table 3, the p-value of 0.2705 is clearly sitting outside the rejoin of acceptable error of 5% level of significance. Hence, this study could not reject the null hypothesis of no significance.

Discussion of Findings: In the OLS regression output, the result indicated that exchange rate has significant effect on stock market performance. This means that all share index of quoted companies in Nigeria increases as exchange rate increases. A possible explanation to this is that a weaker domestic currency that is falling in value does not attract foreign portfolio investors. A weak currency transmits to higher volume of naira per unit of the

foreign currency, resulting to higher prices of most goods including share prices because the country is presently heavily import dependent. The findings here is in alignment with Nwosu et al (2025) that macroeconomic variables are associated with stock market activities. However, it is inconsistent with the findings in the previous works of Okoro (2017), Udoka et al (2018) and Jabil et al (2025) where the tested variables were insignificant in determining stock market performance in Nigeria.

In the case of interest rate and share price movement, negative insignificant effect was found. This shows that interest rate is not a determinant of stock market performance in Nigeria. The findings of this study disagree with John (2018) and Nwosu et al (2025) where interest rate has a significant negative effect on share price behaviours. On the other hand, it is in tandem with the works of Okoro (2017), Akwe et al (2018) and Jabil et al (2025) where interest rate was found to be insignificant in affecting share prices in Nigeria.

Based on the regression result, inflation rate had an insignificant positive effect on stock market performance in Nigeria. This means that inflation rate is not among the determinant of all share index on listed companies on the Nigerian Exchange during the years 2015 - 2024. This contradicts the theoretical prediction and empirical findings of Akwe et al (2018), Udoka et al (2018) and Nwosu et al (2025). However, the result agrees with Jabil et al (2025) where the ordinary least squares result indicated an insignificant relationship for inflation rate.

Conclusion and Recommendations

The macroeconomic determinants of stock market performance in Nigeria have been examined in this study. Based on the results of the analysis, it has been concluded that only exchange rate is a determinant performance of quoted stocks of companies in Nigeria. From the result obtained from the study that exchange rate has significant positive effect on all share index, which means that higher exchange rates lead to all share index in in Nigeria. Based on the result obtained from the study that interest rate has insignificant negative effect on all share index. In relation to the result obtained from the study that inflation rate has insignificant positive effect on all share index in Nigeria. The conclusion of this study therefore is that only exchange rate determines all share index while interest rate and inflation rate are not significant.

Recommendations

- i. The CBN should consider policies that will lead to a sustainable exchange rate in the country. For instance, encouraging domestic production of goods and services and diversification of the nation's sources of foreign revenue will boost the economy of the country and strengthen the local currency thereby.
- ii. The Central Bank of Nigeria should continue to pay particular attention to interest rate stability as one of the key macroeconomic objectives as this will help reduce the cost of borrowing by quoted companies in Nigeria. The reduction in the domestic interest rate can increase corporate profitability and enhance stock

market performance.

- iii. The CBN should continue to vigorously pursue policies aimed at taming the domestic inflationary pressures. For example, making the refineries efficient and operational will help control incessant fuel price hike, concerted efforts to control bandits attack on farmers will improve food supply.

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