

STOCK MARKET RESILIENCE AND ECONOMIC GROWTH: EVIDENCE FROM NIGERIA

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ABSTRACT

This study investigated the relationship between stock market resilience and economic growth in Nigeria from 1981 to 2023. Using time series data sourced from the Central Bank of Nigeria bulletin, 2023. Specifically, the All-Share Index, Market Capitalization and Trade Volume were used to proxy stock market resilience, while Real Gross Domestic Product (RGDP) was used to measure Economic Growth in Nigeria. The Augmented Dickey-Fuller test found that the All-Share Index, trade volume, and RGDP were stationary at first difference 1(1), while market capitalization was stationary at level 1(0). The ARDL bound test revealed a long-run association between stock market resilience and economic growth. Key findings include a positive but insignificant relationship between the All-Share Index and economic growth, a negative and insignificant relationship between market capitalization and economic growth, and a positive relationship between trade volume and economic growth. The study recommends that monetary authorities should formulate policies to sustain stock market share prices and attract foreign investment, enhance market capitalization to reverse its negative effect, and introduce innovative financial instruments to increase market participation and trading volumes.

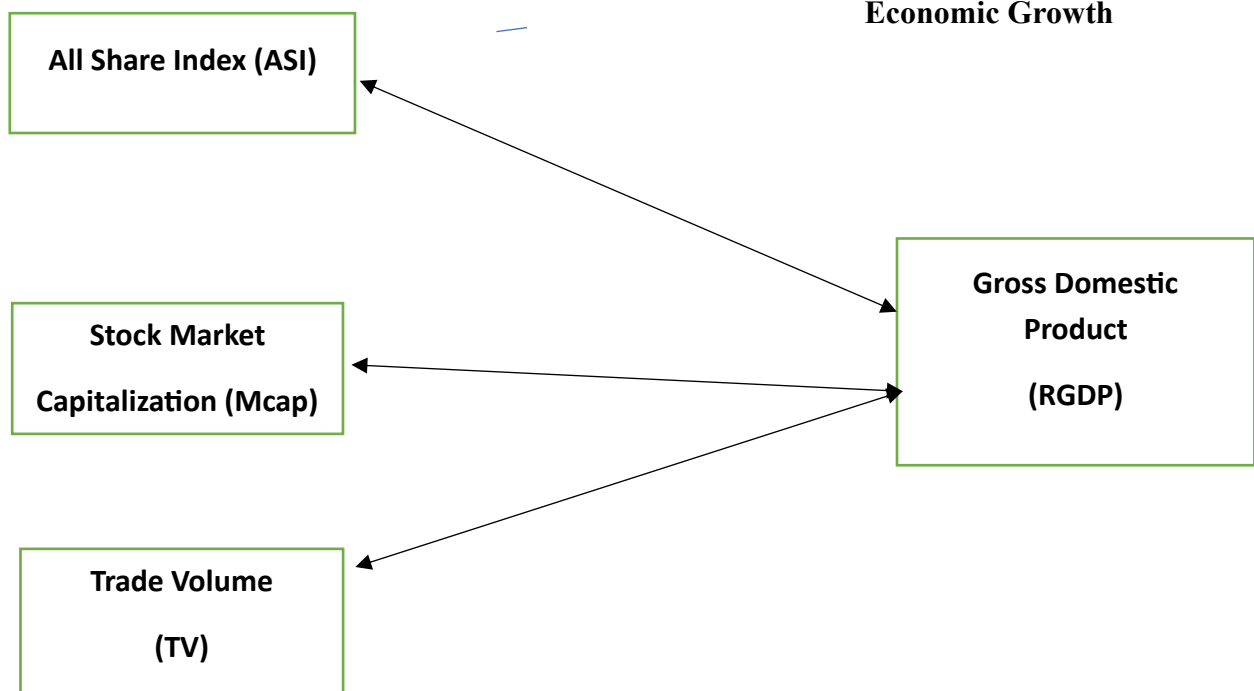
Keywords: All-share Index, Market Capitalization, Trade Volume, Economic Growth, Nigeria

Introduction

The stock market plays a pivotal role in driving economic diversification and realizing broader national goals. Its purpose is to strengthen the domestic financial system by fostering expertise within the financial services sector, expanding access to capital, and establishing a comprehensive infrastructure to support the industry, because Nigerians can improve their livelihoods through active participation in these markets (Popoola, 2014). From a theoretical point of view, Gurley and Shaw (1960, & 1967) argued that financial development contributes to higher income levels and greater wealth creation. Consequently, industries, policymakers, and the Central Bank of Nigeria closely monitor developments within the stock market, because the stock market serves as a crucial mechanism for mobilizing and channelling savings into diverse uses that are essential for enhancing economic growth and efficiency (Owolabi & Ajayi, 2013). The effectiveness with which the market performs its intermediation function significantly influences the overall trajectory of economic development. This recognition has motivated scholars to investigate the relationship between stock market activities and economic growth in Nigeria, employing various analytical approaches to better understand the nature of this linkage (Nwari & Olula, 2021; Gunathilaka et al., 2022). Current research examining the connection between stock market performance and economic growth in Nigeria remains inconclusive. Empirical findings vary considerably, with some studies reporting a positive relationship, others identifying negative effects, and yet others presenting mixed evidence. This divergence underscores the importance of further inquiry into how the stock market reacts to economic shocks(resilience), particularly through critical indicators such as the All-Share Index, Market Capitalization, and Volume of Trade in Nigeria.

Conceptual Issues

Stock Market Resilience



Source: Researcher’s Perspective, 2025.

The above diagrammatic representation depicts the interaction between stock market resilience and economic growth. The All-share index, Stock market capitalization, and Trade volume are all used as yardsticks to measure stock market resilience because they are affected by economic activities positively or negatively. Thus, the resilience of the stock market is a function of the interactive pattern of economic indices. Studies by various researchers have revealed that the

stock market resilience goes a long way to ascertain the economic well-being of any nation, which Nigeria is not an exception (Okey et al, 2024, Mian et al, 2010, Uma et al, 2024). The ability of the stock market to respond to shocks from economic indicators goes a long way to ascertain how resilient the market is all about and the potential for economic growth.

Stock Market Resilience

Stock market resilience refers to the ability of the stock market to withstand and recover from shocks caused by economic, financial, or other external factors. It measures how the Nigerian stock market responds to economic indices and recovers from them at every point in time. The stock market attracts investors, as a resilient market gives investors' confidence to invest as well. Supports economic stability: By absorbing shocks, it helps maintain economic stability and encourages capital formation.

Definition of a Stock Market

The stock market constitutes a formal mechanism for the exchange of equity in publicly listed firms, thereby facilitating capital formation, investor participation in corporate growth, and the distribution of financial risk. By channelling resources across sectors, it functions as a critical instrument of financial intermediation, underpinning long-term economic expansion. Stock market performance is widely regarded as a key macroeconomic indicator, reflecting the broader health of the economy. As Arnold (2004) emphasizes, stock exchanges not only enable governments and industries to secure sustainable financing but also provide investors with structured opportunities to trade securities, thereby reinforcing the dual role of markets in promoting both capital accumulation and efficient resource allocation. The stock market's liquidity-enhancing function promotes economic growth, and its price movements influence investor decisions and confidence. Ultimately, the stock market's activities drive capital distribution and inform investment choices. Levine (1997) noted that even in times of stress, the stock market performs the function of providing liquidity, diversification of risk, information dissemination, and corporate governance to ensure that capital formation and allocation are not interrupted. The premise is to ensure that a more resilient stock market will exhibit a robust and stable positive correlation with economic growth indicators.

1. Money Market

The money market is a segment of the financial market where short-term, low-risk debt securities are bought and sold. It plays a critical role in facilitating short-term financing and investment opportunities for investment while providing liquidity and risk management. The instruments traded in the money market include: Commercial papers, Treasury bills, Certificate of deposit, repurchase agreement, banker's acceptances, call money, etc, having 91-day, 182-day, or 12-month maturities. The participants of the money market include: Banks, Corporations, Investors, Governments, and others. The essence of the money market is to provide liquidity, risk Management, and the financing of companies and other government activities.

2 Capital Market

Succinctly, the capital market is a market where medium- and long-term financial instruments are bought and sold. The market plays a pivotal role in facilitating medium- and long-term investment while promoting economic growth and providing opportunities for investors. Instruments traded in the capital market include equity, bonds, Debentures, and derivatives. The duration of capital market instruments ranges from 1 to 10 years. The capital market provides avenues for capital formation, investment opportunities, and risk management. The participants are investors, issuers, and intermediaries. Capital market boosts efficient allocation of financial resources, provides investment opportunities, and enhances economic growth.

3. Economic Role of the Stock Market

The economic role of the stock market stems from the fact that the stock market plays an integral role in achieving economic growth, because the stock market provides a platform that ensures the efficient allocation of financial resources by bringing both savers and lenders together, given the fact that the productive sector that contributes to economic growth requires financial resources to perform its function in the economy.

- i. The stock market offers both investors and borrowers opportunities to raise funds for economic purposes through various investment vehicles,
- ii. The stock market provides market information regarding stock performance, thereby influencing investment behaviour in the economy and reducing waste of financial and other resources, leading to a reduction of risk.
- iii. The stock market provides liquidity for various sectors of the economy.
- iv. The stock market can lead to the discovery of new stocks, thereby deepening the financial system in the economy.

Stock Market Resilience and Economic Outlook

The resilience of Nigeria's stock market in relation to economic growth has become a focal point of concern for scholars, policymakers, regulators, and industry stakeholders. This stems from the inconclusive nature of empirical evidence regarding the hypothesized positive correlation between stock market development and economic expansion. While the Nigerian economy recorded an average growth rate of 6.5 percent between 2000 and 2009, largely driven by elevated global oil prices and inflows of foreign direct investment (FDI), this momentum weakened considerably in the subsequent period. From 2010 to 2015, growth decelerated to an average of 2.7 percent, reflecting the adverse impact of declining oil revenues and reduced FDI. These fluctuations underscore the theoretical debate on the extent to which stock market performance can buffer external shocks and sustain long-term economic growth in resource-dependent economies. The stock market resilience is occasioned by financial liberalization, foreign portfolio investments, and other macroeconomic factors. The GDP as of the third quarter 2024 stood at 3.46% which was driven by the service sector, accounting for about 53.58% of the Gross Domestic Product (GDP). Inflation increased to 34.8% December 2024. While MPR was 27.5%, which was maintained till the 2025 last quarter, the MPR was reduced to 27% in order to combat inflation, through fluctuation in exchange rate, and inflation is one of the challenges bedevilling the stock market resilience. From a regulatory perspective, the Securities and Exchange Commission's directive to calculate bond values at current prices is geared towards enhancing integrity, transparency, and to attract investor from the international business environment.

Conclusively, the Nigerian stock market has shown resilience and contributed to the country's economic growth, driven by both economic and financial factors, including FPI, financial liberalization, and interest rates. However, challenges such as inflation and exchange rate fluctuations need to be addressed to sustain the market's growth trajectory to reach its full potential.

Theoretical Framework

The Demand following theory and the Supply-leading theory align with this study. They theoretically outlined two paradigms as posited by Patrick (1996). The demand following theory holds that as nations grow, their financial sector develops or expands, while the supply leading paradigm drives the growth of the economy. The liberalization of the financial sector is capable of engendering growth, basically, if it can lead to a competitive monetary policy rate and resource allocation. He noted that conventional wisdom of financial repression and advocates for a more liberalized financial system. Given the above, the establishment of the Nigerian stock market is to ensure that both the private sector and government raise funds to finance developmental projects that will lead to the enhancement of economic growth and

expansion of investment outlook for the country. Thus, the resilience of the stock market to an extent is capable of providing the needed growth of the economy, this is so because the interaction of the stock market and various sectors of the economy is to ensure economic prosperity.

1 Endogenous Growth

Theory, advanced by Romer (1986) and Lucas (1988), emphasizes that economic expansion is primarily driven by internal dynamics such as technological innovation, human capital accumulation, and financial sector development. Within this theoretical framework, the Nigerian stock market can be conceptualized as a critical endogenous driver of growth. By mobilizing domestic savings, channelling capital into productive investments, and facilitating efficient resource allocation, a resilient stock market strengthens the foundations of long-term economic development. The performance of key indicators—including the All-Share Index, Market Capitalization, and Volume of Trade—provides empirical measures of this resilience and illustrates the extent to which financial development contributes to Nigeria's growth trajectory. This position aligns with the broader literature that situates financial markets as engines of endogenous growth, reinforcing the argument that robust capital markets are indispensable for sustaining economic progress in resource-dependent economies.

2 Financial Intermediation

Theory was postulated by economists like Gurley and Shaw (1955) and later developed by others like Goldsmith (1969) and McKinnon (1973) they opined that financial institutions, including stock markets, banks, and other intermediaries, play a crucial role in facilitating economic growth by mobilizing savings and allocating capital to productive sectors. This theory relates to stock market resilience and economic growth in Nigeria, because financial intermediaries including stock markets, mobilize savings and allocate capital to productive sectors. Thus, A resilient stock market facilitates efficient financial intermediation, driving investment and growth in Nigeria

Empirical Literature

Research on the intersection of globalization and financial market performance has consistently highlighted the transformative role of external linkages in shaping domestic capital markets. Akande et al. (2025), through an ARDL analysis covering the period 1986–2022, demonstrate that foreign investment, financial liberalization, and private sector credit have a significant influence on Nigeria's stock market returns, underscoring the deepening integration of the Nigerian stock market into the global financial system. Their findings align with earlier studies that highlight the positive spillovers of globalization, particularly through increased capital flows and enhanced market efficiency (Levine, 1997; Obstfeld, 1998). At the same time, scholars caution that globalization may expose emerging markets to volatility and external shocks, thereby complicating the resilience of domestic financial systems (Stiglitz, 2002; Prasad et al., 2003). Within the Nigerian context, these debates converge on the need for robust financial reforms to attract and retain foreign investment while safeguarding against destabilizing external pressures. Thus, Akande et al.'s contribution situates Nigeria within the broader discourse on globalization and financial development, reinforcing the argument that stock market growth in resource-dependent economies is contingent upon both domestic policy frameworks and global financial dynamics.

Bello (2025) used the ARDL to investigate the nexus between financial market development and stock market performance in Nigeria. focusing on GDP, financial market reform, and stock market performance, the study found major setbacks in the development of the stock market due to the regulatory framework in determining the stock market outlook.

Okey et al. (2024) investigated the nexus between Nigeria's stock market and economic growth, employing Real Gross Domestic Product (RGDP) as the measure of growth alongside market indicators such as the Number of Deals, All Share Index, and Market Capitalization.

Their findings revealed a generally positive association between stock market performance and economic growth, albeit with notable fluctuations. The study concludes that a robust and resilient stock market can catalyse economic expansion. To sustain this trajectory, the authors recommend policies that encourage broader market participation, strengthen regulatory institutions, invest in financial infrastructure, diversify investment instruments, and promote long-term investment strategies. These insights align with earlier research emphasizing the resilience of Nigeria's stock market as a determinant of growth. For instance, Umar and Abhishek (2024) identified a strong correlation between stock market expansion and economic development, though their Granger causality analysis found no definitive causal link. They argue that enhancing liquidity, regulatory frameworks, and investor confidence is essential for strengthening the market's influence on growth. Similarly, Akande et al. (2025) highlighted the role of globalization variables—such as foreign investment and financial liberalization—in shaping stock market returns, underscoring the importance of reforms that integrate Nigeria's market into global financial systems while safeguarding against external shocks. Taken together, these studies suggest that while Nigeria's stock market demonstrates resilience and potential as a driver of economic growth, its effectiveness is contingent upon structural reforms, institutional strengthening, and strategic diversification. The convergence of findings points to a broader scholarly consensus: resilient stock markets are indispensable for sustaining inclusive and long-term economic development in Nigeria, particularly in the face of global volatility and domestic structural challenges.

Umar and Abhishek (2024) identified a strong correlation between stock market expansion and economic growth but found no clear causal relationship using Granger causality tests. Their findings underscore the persistent ambiguity in determining whether stock market development drives economic growth or merely co-moves with it. This divergence reflects a broader scholarly debate: is the stock market a genuine engine of growth, or does it simply mirror underlying economic conditions? The Nigerian case illustrates the complexity of this question, as structural weaknesses—such as limited liquidity, regulatory gaps, and low investor confidence—continue to constrain the market's capacity to act as a catalyst for inclusive and sustainable development.

Ukoh (2024) avers that there's a significant and positive long-term relationship between Nigeria's stock market performance and economic growth. The study used indicators like All Share Index, Market Capitalization, and Number of Deals, suggesting that a strong stock market contributes to economic growth. To foster this growth, the study recommends creating a favourable investment environment through good corporate governance, transparency, and robust regulations, as well as encouraging local and foreign investors to boost market liquidity.

Mohammed et al. (2024) studied the link between investor sentiment and stock market performance in Nigeria from 2001 to 2021. Using PMG and ARDL models, they found a significant positive long-term relationship between investor sentiment and stock market returns. The study concluded that investor attitudes, as reflected in valuation ratios and market trends, play a crucial role in shaping Nigeria's stock market performance.

Arikewuyo (2023) examined the relationship between exchange rate gap shocks and stock market development in Nigeria from 1986 to 2018. The study found that exchange rate gap shocks negatively impact stock market growth, implying that interest rates hinder financial openness. To mitigate this, the study recommends that monetary authorities closely monitor the gap between official and parallel exchange rates and establish a hedge fund instrument market to strengthen the stock market's resilience.

Omorose et al. (2022) investigated the impact of market risk on stock returns in Nigeria using the VECM model. The study found a significant relationship between market risks and stock returns, with exchange rate and oil price risks having a notable influence. However, inflation, interest rate, and political instability risks had no significant impact. The study

concluded that market risks are key drivers of stock returns in Nigeria. It is recommended that investors mitigate risks by diversifying their portfolios and understanding market risks to make informed investment decisions.

Masoud (2013) found a positive relationship between stock market performance and economic growth in both the short and long term. The study showed that stock market development indirectly boosts economic growth by promoting investment. The findings support the theoretical and empirical notion that stock markets play a vital role in driving economic growth.

Osamwonyi & Abudu (2013) found no causal link in Ghana and Nigeria but identified a bidirectional relationship in Kenya, with market capitalization and listed securities driving growth, while turnover and trade value had negative effects. More recent evidence from Nigeria shows a generally positive association between stock market indicators and economic growth, though with fluctuations (Okey et al., 2024). Similarly, Umar and Abhishek (2024) reported a strong correlation between stock market expansion and economic development but no clear causal connection, highlighting structural constraints. Collectively, these studies suggest that while Nigeria's stock market demonstrates potential to support growth, its resilience and impact depend on reforms that enhance liquidity, regulatory frameworks, investor confidence, and diversification.

Ezeibekwe (2018) investigation found that the Nigerian stock market doesn't contribute to economic growth in the long run, despite its growth. However, this conclusion seems to contradict the author's own assertion that the stock market has "grown to the point of adding to the growth trajectory of the Nigerian economy." The study used market capitalization and GDP as indicators. To improve the situation, Ezeibekwe recommended investing in education and capital goods to boost the real sector and establishing institutions to support financial market growth.

Popoola (2014) examined the link between stock market development and economic growth in Nigeria, finding a positive relationship that underscores the market's role in driving expansion. The study recommends policy reforms to strengthen market institutions and foster cross-sectoral cooperation, thereby enhancing the stock market's contribution to growth. This aligns with more recent evidence from Okey et al. (2024), who observed a generally positive trend between stock market indicators and RGDP, and Umar & Abhishek (2024), who reported a strong correlation but no clear causality. Collectively, these studies highlight that while Nigeria's stock market demonstrates potential as a growth driver, its impact depends on institutional reforms, investor confidence, and structural resilience.

The nexus between stock market development and economic growth remains unclear in both theory and empirical research. Foundational works (Gurley & Shaw, 1955, 1960, 1967; Romer, 1986; Lucas, 1988) argue that financial markets mobilize savings, allocate capital, and drive long-term growth. In Nigeria, studies such as Popoola (2014), Adenuga (2010), and Okey et al. (2024) report positive associations between stock market indicators and economic performance, though often with fluctuations. Umar & Abhishek (2024) further highlight strong correlation but no clear causality, underscoring structural constraints. Comparative evidence from Ifeuro & Abudu (2013) shows similar ambiguity in Ghana and Nigeria, contrasted with Kenya's bidirectional link, while Seyyed (2010) found both long-run and short-run causal relationships in Iran. Collectively, these findings illustrate the broader debate: while stock markets exhibit resilience and potential as engines of growth, their actual impact is contingent on institutional reforms, regulatory strength, and structural conditions that determine whether correlation translates into causality.

Literature Gap

Despite extensive research on the nexus between stock market development and economic growth in Nigeria, findings remain uneven and inconclusive. While several studies

(Akande et al., 2025; Bello, 2025; Umar & Abhishek, 2024; Okey et al., 2024; Mohamed, 2024; Masoud, 2013; Popoola, 2014) report a positive association between stock market indicators and economic growth, others (Arikewuyo, 2023; Ezeibekwe, 2018) identify negative or weak linkages. Further, studies incorporating macroeconomic variables such as inflation, interest rates, and exchange rates (Omorose et al., 2022) yield mixed results. This divergence underscores the absence of consensus on whether Nigeria’s stock market consistently contributes to economic expansion. The focus of this study is to interrogate the resilience of Nigeria’s stock market in relation to economic growth. In this context, “stock market resilience” refers to the market’s capacity to withstand and respond to shocks arising from key economic indices, measured by the All-Share Index, Market Capitalization, and Volume of Trade. This incongruity highlights a critical scholarly gap: although the stock market is theoretically positioned as a driver of growth, empirical evidence in Nigeria remains fragmented, with no unified conclusion on whether resilience in market indicators translates into sustained economic growth. Addressing this gap requires a systematic examination of core stock market indicators—All-Share Index, Market Capitalization, and Trade Volume—to determine the extent to which the Nigerian stock market can absorb shocks and contribute to long-term economic growth.

Methodology

1. Research design

This study employs an *ex-post facto* research design, which involves investigating existing data from past events. As noted by Onwumere (2009), this design is suitable for studying phenomena where the data is already available, and the researcher lacks direct control over the data set. The study will utilize published datasets from reputable sources to examine the relationship between the dependent and independent variables.

2 Nature and Data Sources

This study utilizes secondary data spanning a period of 42 years. The motivation for this period is to capture various reforms (economic and financial) in Nigeria and the availability of data, which helps the study to reach a logical conclusion. The data on Gross Domestic Product (RGDP), All Share Index (ASI), Trade Volume (TV), and Market Capitalization (MCAP) were sourced from the Central Bank Statistical Bulletin from 1981 to 2023.

3 Model Specification/Justification

The Autoregressive Distributed Lag (ARDL) model is a valuable econometric approach for analysing both short-run and long-run relationships. It is particularly appropriate when the variables in a dataset are not all stationary at the same level. In this study, the choice of ARDL is justified by the presence of a mixed order of integration among the data series. To examine stock market resilience and economic growth in Nigeria, this study adopts and modifies the model of Ukoh (2024), which is stated thus;

$RGDP = F(MCAP, ASI, VAT, NOD, GCF)$. The model is used to examine stock market performance and economic growth in Nigeria from 2001 to 2022. The above model is modified to reflect below;

$$RGDP = f(ASI, MCAP, TV) \dots\dots\dots (1)$$

The linear econometric model above is stated thus:

$$RGDP_t = \beta_0 + \beta_1 ASI_t + \beta_2 MCAP_t + \beta_3 TV_t + \mu_t \dots\dots\dots (2)$$

Where:

RGDP = Real Gross Domestic Product

Stock Market Resilience = All-Share Index, Market Capitalization, Trade volume.

β_0 - Intercept

$\beta_1 - \beta_3$ - Model parameters

μ = Error term

4 Test for Stationarity

To avoid spurious regression, the study uses the Augmented Dickey-Fuller (ADF) unit root test to check for stationarity in the data series. This test determines the order of integration of each series, ensuring reliable analysis and preventing incorrect conclusions.

5 All Share Index (ASI)

The All-Shares Index (ASI) in this study is used to measure stock market resilience, and it is likely to have a positive association with gross domestic product (GDP), which is a parameter for economic growth. This conclusion is based on the fact that the All-Share Index (ASI) serves as the flagship barometer of Nigeria's stock market, capturing the overall performance of every equity listed on the Nigerian Exchange (NGX). Thus, if the stocks are performing optimally, it will enhance economic activities. $B_1 > 0$

6 Market Capitalization (MCAP)

It is anticipated that at the conclusion of the study, the result of market capitalization (MCAP) is used to proxy stock market resilience, and in this study will have a positive connection with gross domestic product (GDP). Market Capitalization is a dimension for resilience in this study, and it is closely connected to economic growth; the implication is that Market Capitalization is the value of the firm as stated by the stock market or the number of companies quoted in the stock market and their market price. Thus, the nation's economic vitality of the economy cannot be realized without an expansion of the stock market. $\beta_2 > 0$.

7 Trade Volume (TV)

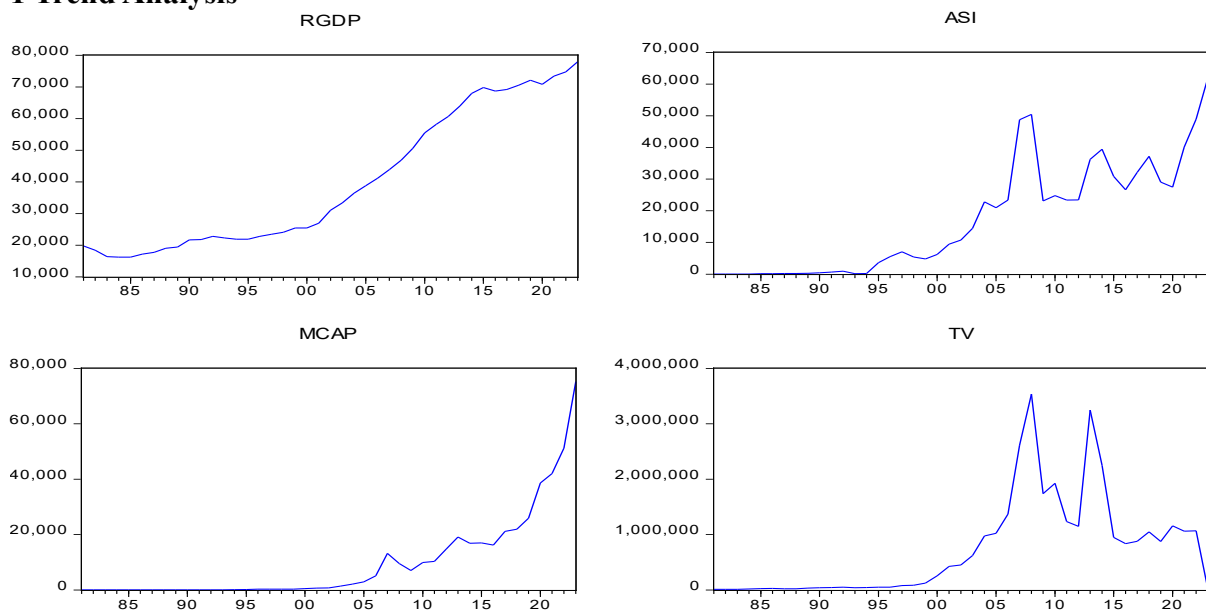
Trade volume is used as a dimension to measure stock market resilience in this study and it is expected to have a positive nexus with economic growth at the end of the study. This association is imperative because the depth of the market shows the size of the stock market and the instrument's inherent value. Thus, the variety of instruments helps in the realization of intermediation of financial resources from the various units of the economy, which is capable of enhancing economic growth in Nigeria.

8 Economic Growth

The real GDP growth rate reflects how an economy expands by tracking changes in gross domestic product, while accounting for the effects of inflation or deflation to show exact growth rate. It is a proxy to measure economic growth. It is expected that the pace of economic expansion, calculated through GDP but adjusted to remove the impact of changing price levels. Thus, it is expected that it will have a positive effect on the resilience of the stock market.

Data Analysis and Presentation

1 Trend Analysis



The trend analysis of the graph revealed distinct but interconnected movements between Nigeria's economic growth and indicators of stock market resilience over the observed period. Real Gross Domestic Product (RGDP) shows a long-term upward trend, indicating sustained economic expansion despite periods of slow growth around the late 1980s and early 1990s. From the early 2000s onward, RGDP rises more steeply, reflecting structural reforms, increased oil earnings, and the gradual diversification of the Nigerian economy.

The All-Share Index (ASI), representing stock market performance, displays a more volatile pattern. It remains relatively flat until the early 2000s, after which it experiences a sharp upward climb, particularly around 2005–2008, reflecting increased investor confidence, banking reforms, and market liberalization.

Market Capitalization (MCAP) follows a pattern similar to ASI but with even more pronounced upward movement in the later years. It remains low for decades and begins to rise modestly in the early 2000s. A theatrical surge occurs in the later period, driven by increased listing activity, growth in the financial sector, capital market reforms, and renewed investor inflows.

Trade Volume (TV) exhibits sharp fluctuations, with relatively low trading activity before the 2000s and sudden spikes thereafter. The large peaks around 2007–2008 and the mid-2010s indicate periods of intense trading activity often associated with market booms, speculative movements, or policy-induced responses by investors. The subsequent declines and recoveries demonstrate both the vulnerability and the adaptability of the Nigerian stock market to shocks.

Table 1: Descriptive Statistics

	RGDP	ASI	MCAP	TV
Mean	39908.49	17250.00	9879.623	731723.3
Median	31064.27	10744.37	764.9000	426163.0
Maximum	77936.10	62088.51	75202.90	3535631.
Minimum	16211.49	1.000000	5.000000	1.000000
Std. Dev.	21655.94	1710.10	16119.32	900803.7
Skewness	0.482170	0.710628	2.263741	1.472548
Kurtosis	1.593226	2.459642	8.375782	4.730064
Jarque-Bera	5.211894	4.142250	88.50316	20.90285
Probability	0.073833	0.126044	0.000000	0.000029
Sum	1716065.	741750.1	424823.8	31464103
Sum Sq. Dev.	1.97E+10	1.29E+10	1.09E+10	3.41E+13
Observations	43	43	43	43

Source: Author's Computation Using E-view 10

The mean RGDP is 39,908.49, while the standard deviation is 21,655.94. This revealed that although Nigeria's economy expanded on average over the period, the relatively high standard deviation indicates noticeable fluctuations in economic performance caused by oil price shocks, recessions, and structural changes. Economically, this means Nigeria's growth path is upward but not stable, reflecting vulnerability to macroeconomic disturbances. Furthermore, the ASI has a mean of 17,250.00 and a standard deviation of 17,510.10. The standard deviation being almost equal to the mean shows that stock price movements in Nigeria are highly volatile. This level of dispersion suggests that investor confidence, policy changes, and speculative trading strongly influence stock market activity, contributing to an unstable investment environment.

Likewise, MCAP has a mean of 9,879.62 but a very high standard deviation of 16,119.32. This large difference indicates extreme fluctuations in the size and valuation of the

Nigerian stock market over time. Economically, this reflects episodes of rapid market expansion—such as during financial reforms or boom periods—followed by sharp contractions during crises. It signals a market with high potential but also high vulnerability.

Finally, the mean trade volume is 731,723.3, and the standard deviation is 900,803.7, showing the highest variability among all variables. This wide dispersion indicates that trading activity in Nigeria’s stock market is highly inconsistent, driven by sporadic surges in investor participation during market booms and dramatic declines during periods of uncertainty. Economically, this highlights irregular liquidity and frequent shifts in market participation.

Table 2: Unit Root Analysis

Variables	ADF	5% critical level	Order of co-integration
RGDP	-3.426831	-2.935001	1(1)
ASI	-6.434135	-2.936942	1(1)
MCAP	-6.268542	-2.933158	1(0)
TV	-6.587380	-2.935001	1(1)

Source: Author's Computation using E-View 10

The unit root test results show that RGDP, All Share Index, and Trade Volume are stationary at first difference I (1)), while Market Capitalization is stationary at level (I(0)). Given this mixed order of integration, the study proceeds to conduct the ARDL bound test to determine if there's a long-run relationship among the variables.

Table 3: ARDL Bound Test

F-Bounds Test

Test Statistic	Value	Signif.	I(0)	I(1)
Asymptotic: n=1000				
F-statistic	16.73623	10%	2.37	3.2
K	3	5%	2.79	3.67
		2.5%	3.15	4.08
		1%	3.65	4.66

Source: Author's own computation using E-view 10

The F-statistic (16.73623) exceeds the critical bounds at 5% significance level, indicating cointegration among the variables. This suggests a long-run relationship between Stock Market Resilience and Economic growth in Nigeria from 1981 to 2023, leading us to reject the null hypothesis of no cointegration.

Table 4: ARDL Long Run Form and Bounds Test

Dependent Variable: D(RGDP)

Selected Model: ARDL (1, 2, 0, 1)

Case 2: Restricted Constant and No Trend

Date: 10/14/25 Time: 16:13

Sample: 1981 2023

Included observations: 41

Levels Equation

Case 2: Restricted Constant and No Trend

Variable	Coefficient	Std. Error	t-Statistic	Prob.
ASI	1.328834	1.069634	1.242326	0.2229
MCAP	-0.255359	0.788455	-0.323873	0.7481
TV	0.024476	0.019182	1.275995	0.2109
C	30342.80	8428.949	3.599832	0.0010

$$EC = RGDP - (1.3288*ALSI - 0.2554*MCAP + 0.0245*TV + 30342.8047)$$

Source: Author's own computation using E-View 10

The constant parameter reveals a positive, and it is statistically significant. The implication is that if all the independent variables in the model are held constant, gross domestic product will increase by 30342.80 units in economic growth in the long run. The result of the long-run regression estimates presented in the above table indicates that the All-Share Index (ASI) and Trade Volume (TV) are correctly signed. This means that an increase in the All-Share Index and trade volume enhances economic resilience in Nigeria. This indicates that in the long run, an increase in the All-Share Index (ASI) and Trade Volume (TV) increases economic resilience in Nigeria in the same direction. On the other hand, stock market capitalization (MCAP) is not correctly signed, and it does not conform to our theoretical expectations. The empirical result

revealed that stock market capitalization (MCAP) does not enhance economic resilience, as it has an inverse relationship for the period under review in Nigeria. The result further revealed that the All-Share Index, Market Capitalization, and Trade Volume are not statistically significant at the 5% level.

Table 5: Dependent Variable: D(RGDP)

Selected Model: ARDL (1, 2, 0, 1)
 Case 2: Restricted Constant and No Trend
 Date: 10/14/25 Time: 16:19
 Sample: 1981 2023
 Included observations: 41

ECM Regression
 Case 2: Restricted Constant and No Trend

Variable	Coefficient	Std. Error	t-Statistic	Prob.
D(ASI)	0.106151	0.029268	3.626832	0.0010
D(ASI(-1))	-0.045245	0.026230	-1.724957	0.0939
D(TV)	-0.000285	0.000369	-0.772719	0.4452
CointEq(-1)*	-0.046338	0.004784	-9.686296	0.0000
R-squared	0.541420	Mean dependent var	1451.979	
Adjusted R-squared	0.504238	S.D. dependent var	1582.292	
S.E. of regression	1114.097	Akaike info criterion	16.96194	
Sum squared resid	45924864	Schwarz criterion	17.12912	
Log likelihood	-343.7199	Hannan-Quinn criter.	17.02282	
Durbin-Watson stat	1.426406			

* p-value incompatible with t-Bounds distribution.

Source: Author's own computation using E View 10

From short-run ARDL result above revealed that the speed of adjustment is five percent (5%), indicating that 5% dynamics or errors in the previous period will be corrected in the current year and is statistically significant. The result further explained that the R-squared is 0.541240, indicating that 54% changes in the dependent variable (Real Gross Domestic Product) is explained by the explanatory variables (All Share Index, stock market capitalization (MCAP), and Trade Volume), reflecting stock market resilience. The remaining 46% changes in the dependent variable are explained by factors and variables outside the model. The Durbin-Watson stat is 1.426406, which is low, indicating the presence of positive autocorrelation.

Discussion of findings

The research investigates the connection between stock market resilience and economic growth in Nigeria over the period 1981 to 2023. Stock market resilience is represented by indicators such as the All-Share Index, market capitalization, and trading volume, while economic growth is captured through real gross domestic product. Findings from the ARDL long-run estimation and bounds testing confirm the presence of cointegration among these variables, indicating that a stable, long-term relationship exists between the dependent and independent variables.

Specifically, the All-Share Index reveals a positive but not significant relationship with economic growth. The result is in line with the a priori expectation. The above result corroborates Okey et al., et al (2024)'s research outcome. The implication is that an increase in the All-Share Index will lead to economic growth in the same direction, more so, given the p-value of 0.2229, which is higher than the predicted level of 5% significance, thus changes in

the All-Share Index will lead to changes in economic growth in Nigeria in the same direction for the period under review.

The study found a negative and insignificant relationship between stock market capitalization (MCAP) and economic growth, contradicting our expectations. Specifically, a unit increase in MCAP was associated with a 0.255359 reduction in economic growth (p-value = 0.7481, insignificant at 5% level). This finding aligns with Ezeibekwe (2018) but differs from Ukoh (2024), suggesting that stock market capitalization and economic growth move in opposite directions.

Conclusion

The study concludes that a significant relationship exists between stock market resilience and economic growth in Nigeria over the studied period.

Recommendation

1. Given this finding, which aligns with expectations, the monetary authority should formulate policies to sustain stock market share prices, attract foreign portfolio investment, stabilize the market, and ultimately enhance stock market resilience to economic growth.
2. To boost economic growth, monetary authorities should formulate policies to enhance market capitalization, reversing the unexpected negative relationship between market capitalization and economic growth, and thereby improving the stock market's resilience to the economy.
3. To build on the positive nexus between trade volume and gross domestic product, the Nigerian Exchange Group (NGX) and Securities and Exchange Commission (SEC) could consider introducing innovative financial instruments, such as derivatives or Islamic finance products, to deepen market participation and trade volumes.

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