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FINANCIAL MARKET FUNDS AND ECONOMIC PERFORMANCE IN NIGERIA

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Abstract

This study aims to evaluate the interrelationships among financial market funds and Nigeria's gross domestic product. specifically, the study examined how government securities, credit to private sector and equities influence gross domestic product. data utilized in the study were sourced from the Central Bank of Nigeria statistical bulletin of various issues. The study employed the descriptive statistics, unit root test, Johansen co-integration, error correction model, and Granger causality techniques at the 5% significance level. The study discovered that all the variables were integrated at first differencing; thus, necessitating the Johansen co-integration that validates the presence of long-run form. The result of the error correction model showed that credit to private sector was positive and significant to gross domestic product, equity was positive but insignificantly related to gross domestic product, and government securities had negative and insignificant relationship with to gross domestic product in Nigeria. For Granger causality, there was the presence of uni-directional movement from to gross domestic product to each of the independent variables in the study. The study concluded that commercial paper was the most significant aspect of financial market funds that promotes economic growth in Nigeria. The study recommended that government should ensure that funds made available for a particular project are directed to that project and should be fully accounted for by the monitoring team.

Keywords:

Government securities, equity, credit to private sector, Economic performance.

1.0 Introduction

Financial markets enhance economic performance of an economy since they are involved in mobilisation and allocation of funds. Financial market is a platform that offers a safe quest of global unification and competition among countries (Kizito 2012). As pointed out by NDudi, Olannye and Iyamahbor (2020), the growth of financial markets leads to increased efficiency in the capital utilisation to create more items. The authors maintained that the financial markets are specialised intermediaries of funds, and the the biggest undertaking that is conducted by the financial markets is lending and borrowing of money. It is established that the financial market influenced the economic growth of a nation in terms of gross domestic product and stock turnover ratio (Marinkovic and Radovic 2013). The difference between the money market and

the capital one can be founded on the liquidity rate of the products which are traded in the markets.

The financial markets have a branch known as the capital market that allows the mobilisation of the long-term investment capital that will be utilised in financing both corporate investments and the government investment initiatives. It provides possible entry points to both the private organisations and the government institutions to mobilise people around the issue of financial instruments with enormous financial support. It is however the financial markets which governments use to increase the money not in the country to fund the infrastructure projects, to develop businesses and spur the economy. Besides, enhance domestic savings mobilisation and their proper liquidation. Moreover assists in increasing the availability of financial services to the people and businesses to enhance economy performance. Garcis and Liu (1999) available that banking institutions are the primary participants in performing financial markets; financial intermediation is viewed as the most significant tool in generating economic development of a nation (Oluwatosin, Adekanye, and Yusuf 2013). Nnamdi (2015) has observed that financial market is founded on the latent contribution of the process of financial intermediation in the economic performance of the countries.

Oladipo and Tunde (2013) concluded that the financial market served a concrete role in meeting the minimum capital requirement of N25 billion that were necessary to the financial institutions in the restructuring of the banking sector in the year 2005.Greenwood and Smith (1997) assumed that the financial markets served a crucial role in ensuring that capital investments with high returns would be met, and also enhanced specialisation in the entrepreneurship at a higher echelon. The most significant service that is offered in finance markets is called liquidity and it facilitates the efficient pooling of capital and the management of risk. The same point was signalled by North (1981), who reported that lately the availability of liquidity is facilitated by the evolution of the financial system, cost of investments is minimum, and risk is easily managed. Chami, Fullenkamp and Sharma (2009) understood that the complexity of surplus-saving and deficit-spending economic units could optimum progress of the financial markets in the trading of the financial instruments and consequently reduced the costs and augmented the liquidity. Aigheyisi (2016) noted that the inflow of capital or portfolio in the financial markets activities is observed to be dependent on certain macroeconomic factors. Oyintonefie (2023) however stated that less protocols and decreased regulatory barrier could make the financial markets more effective hence enhancing the actual performance of the sector in Nigeria. Angaye and Bingilar (2020) reasoned that the relationship between customers and savers is introduced by financial markets and that short term, medium- and long-term finance is borrowed by the process of intermediation which can enable the company to develop.

The presence of the active discussion in the academic and policy sphere reflected in the literature on the topic has made Nnamdi (2015) admit that the connexion between the performance of the financial market and the overall economical results is an interdependent relationship. The following fact is created by Nwankwo and Agbo (2021), the positive and significant relationship between financial market efficiency and economic growth is established in Nigeria, but the way the depth of financial market subject influences the growth is not conclusively created. Obi (2021) argued that there was poor coordination in releasing debt instruments, insufficient credit facilities, and poor communication network in the financial market performance and had a negative impact. Similarly, Olulu-Briggs (2021) has postulated that a proper policy change will restore the interest of investors in the Nigeria market and enhance the activities within the market. The inconclusive results are a testament of the fact

that the study is yet to find unanimity on whether financial market indicators are correlated to the economy of Nigeria. In this paper, the author will focus on the correlation between the economy of Nigeria and contributions made by the funds that are available in the financial markets and their contribution to the growth process and vice versa using the latest statistics. The implications of this research will be useful to the government and to the investors and particularly the investment manager by providing suggestions on the ideal instruments that should be offered to the market. This paper proceeds to offer a detailed overview of the topic and it has been further divided into four sections. Section 2 will contain theoretical framework and the epidemiological reviews of the past studies. Section 3 gives the methods which will be employed on the investigation and Section 4 gives the analysis and findings. The debates, findings and recommendations are given in section 5.

2.0 Literature Review

2.1 Economic performance and financial Markets.

The economic performance will be determined as the growth or fall of economic activity in any nation within a duration of time that will most likely be valued in gross domestic output. A growing economy is understood as an increasing economy after taking into account all the factors that contribute to the economic development (Ologunwa and Sadibo 2016). The economic factors entail the availability of finance to invest in the government privately and develop the infrastructure. The capital market intermediation service will then be expected to accelerate the rate of economic growth associated with financial market efficiency, as discovered by Ughulu and Osas (2020) where the policy reform in the financial market and environmental mobilisation and deployment of funds to the relevant sectors will increase the economic growth rate. In the same light, Adedipe (2004) argued that the contribution of the Foreign inflow as a saving and an investment in an increasing economy would increase the gross domestic outputon of that economy. Odunga and Ayoyi (2016) discovered the spillover consequences of FDI activities in finance markets can be tremendous prompting economic growth in the host economies. According to Mickinnon (1973), a robust financial market might be more enhancing to the economic growth of every country. It has a financial market where financial market financial instruments and former owned assets are easy to trade. The size of the industrial companies is bound to increase with the growth and development of the economy. Even more so, due to the presence of a stable market which is defined by high degree of confidence, then people will be motivated to save more and consume less. According to the world bank (2022), Nigeria suffers the lapses in its macroeconomic policy in a way that is unhaving the biggest burden on the economic development and its vulnerability to externalities. In this regard such investable resources as government securities, equities and lending to the private sector are considered as financial market funds existing in the market.

2.2 Theoretical Framework

2.2.1 Theory of financial Intermediation

The financial intermediation theory also provides a theoretical underpinning on the way the financial institution operates. Claus and Grimes (2003) declare that efficient operations of financial market is encouraged by financial intermediation. The history of financial intermediation may have been unfixed back to Goldsmith (1969), Mckinnon (1973) and Shaw (1973). These writers had an insight that a financial system would serve their purpose more efficiently in a liberalised marketplace. The researchers further included that the operation

taken by the restrictive monetary policy adversely affects the savings incentive and, hence, liquidity in the financial sector. High reserve requirements, legislative limitation on bank lending and limitation on foreign currency transaction as well as entry and exit by banking company also featured in the list of such oppressive activities. A debt intermediation hypothesis will, as was shown by Shaw (1973), increment the volume of intermediation process, the motive to save and invest, and capability to invest because of credit provision and augment the average efficiency of investment. This concept had an additional implication that the competitive and healthy environment in the financial market will trigger the flow of money mobilisation. The hypothesis of Nnamdi (2015) was that the financial markets are amongst the important takers of net liabilities who acquire their positions by means of intermediation. Mckinnon (1973) considered financial markets to mediate the industrial growth and development of the world, and therefore, in the process, they were viewed as a panacea. Indeed, Goldsmith (1969) and Shaw (1976) that the expansion process in the economy will highlight and incite the efficiency of the financial market activities, hence producing stimulus to the subsequent development of financial markets. However, Patrick (1976) contended that the demand or financial markets can offer leading-demand role or supply-leading roles to the economic development of the nations.

Keynesian Multiplier Hypothesis

Based on the Keynesian multiplier hypothesis, economic growth would be experienced whenever the consumers, corporations, and/or government has a rise in demand in terms of investments, output and/or exports. It revealed that there is a strong relation between economic growth and demand. An increase in the gross domestic output of the economies is coupled with a high rate of investment in the country by both the government and the private sector. The Keynesian multiplier theory is seeking to address the rise in aggregate income quantity of the economy due to the rise in government expenditure and spending in the private sector. The corporate organisations increase the production authorities in order to satisfy the needs of the citizens. It eventually results in the government, as well as publicly-traded companies, having access to financial markets to finance such a demand and expansion. This change is always translated into this economic prosperity.

Empirical Review

Oyintonefie (2023) examined the impact of the financial market to the performance of the Nigerian economy in a period of time that crosses across 1990-2021.The independent variables consisted of the composition of outstanding government securities, out turned equity and private sector credit in the economy as the percentage of total credits granted and outstanding bond. As indicated in autoregressive distributed lag ECM it implied that the outstanding government security, outstanding equity had a strong positive correlation with gross domestic output in both short-run and long-run in Nigeria but private sector credit (CPS) was a deleterious association with gross domestic output which is insignificant.

The long-term direction of relationship involving variables utilised by Amali, Alymkulova, and Ejila (2023) used to establish is amidst 2009 and 2021. In estimating the data, the authors have used autoregressive distributed lag method and unit roots test. The unit root test result was of mixed order of integration. However, the private sector credit had a positive and insignificant impact on Nigeria GDP in the long run. However, digitalization does not affect the credit of the banks to the GDP in Nigeria.

Okolie and Okolie (2022) examined the impacts that financial market, monetary policy have had on Nigerian economy amidst the year 2001 and 2020. The proxy of the financial market was selected as the total market capitalization, and the proxy of monetary policy was selected as money supply, and interest rate. The unit root and the OLS unit of analysis were used to aid in the data processing and identification of the significant effect of the financial market on the gross domestic output.

The article by Osakwe and Akunna (2022) evaluates how the dependence amidst the development of the Nigeria Economy and the credit of its private segment interdependent are during 1994-2019. In this research, primary source was utilised and the statistical information of Central Bank of Nigerian Statistical Bulletin in the form of times series was used. OLS approach was used to help in data analysis. This result showed that there was positive and non-significant relationship amidst the credit of the private sector and gross domestic output of Nigeria.

To examine the impact of credit facilities to businesses and the real gross domestic output of the private sector in Nigeria, Nathan and Uche (2022) applied OLS technique and co-integration test to examine the relationships amidst credit facilities and the two variables 1980 and 2021. The available empirical result gave the positive and significant effect the private sector credit business might have to real gross domestic output of Nigeria.

Ighoroje and Osevwe-Okoroyibo (2022) examined the performance of the financial market activities as far as the GDP of Nigeria (2008-2020) is concerned. The combination of variables that have been taken under financial market products include market capitalization, all share index turnover ratio, commercial papers, bankers acceptance, treasury bills and real gross domestic output as an GDP indicator. OLSs method was used to analyse the data. The results showed that the only significant market capitalization and the treasury bills were the ones that were associated with the gross domestic output in Nigeria.

Abayomi and Yakubu (2022) used the autoregressive distributed lag to determine the kind of relationship that existed amidst the gross domestic output, equity, government securities, bond, preference shares, and FDI in the Nigerian economy. The findings were that bonds, preference shares were overpowering to gross domestic output and connected to growth of economy positively and deleteriously, and that equity and government stock helped in the growth in the 1990 to 2020 period.

The use of the financial development indicators by Khan (2022) took 21years (2000 to 2020) with the association that on financial markets development is connected to GDP of Brazil, India, Russia, China, and South Africa. The world bank database was used to capture the information on the stock market capitalization, domestic private sector credit and inflation and export of goods and services and the GDP. The analysis was carried out on the panel data OLS methods. The results showed that capitalisation of stock markets, domestic private sector credit, the exportation of goods and services were also added to the gross domestic output in Brazil, India, Russia, China and South Africa economy.

Baghebo and Warlice (2021) did employ unit root, and Autoregressive Distributative Lag (ARDL) in investigating the impact of the financial market indicators on real economy of Nigeria during the time span of 1981-2019. The variables that may be applied during the study were the secondary data applied in the form of Central Bank of Nigeria Statistical Bulletin and

commercial papers as well as the value of transaction, market capitalization, and gross domestic output. The ARDL bound test value showed that the relationship amidst commercial papers, treasure certificate and value of transaction, market capitalization and gross domestic output were related in the long-run. The result of the autoregressive Distributive Lag short run test was that, market capitalization showed positive relationship, but no significance in explaining growth of the Nigeria economy.

Ebi and Omoijahe (2021) elaborated the theme of financial market operation and GDP of the country during 1981-2016. The result of the Johansen co-integration test gave the fact that there was the long run relationship existed amidst the money and the elements of capital market investment and gross domestic output. According to the test result to the ECM, is a significant and positive relationship amidst the treasury bills outstanding and the value of equity outstanding and the gross domestic of Nigeria. Nonetheless, there was post hoc demand in bonds, outstanding government securities and gross domestic output.

Nwankwo and Agbo (2021) have experimented the effectiveness of the relationship among financial market and the GDP of Nigeria in the period amidst 1980 and 2018 using the OLSs. The financial ego of financial markets that have been incorporated in the study is the financial markets efficiency and financial market Depth on gross national income per capita which have been acquired via international monetary data base and world bank data base. The results of the OLS test showed that the financial market efficiency played a significant role on the gross national income of Nigeria as proxy of GDP.

3.0 Methodology

The research paper assumes that the quantitative research method is used to examine the connexion between the financial market funds and the economic performance of Nigeria. Gali (2008) and Mankiw and Taylor (2007) also used the quantitative approach because it involves gathering of data using time series which is beneficial in the study as far as estimation is concerned. This method assists in offering clarifications to facts, conclusions and estimating the result in numerical terms. It was found that the data were derived as Central Bank of Nigeria statistical bulletin and Nigerian Exchange group (NEXG) between 1981 and 2023. In the study conducted, the descriptive statistics used were unit root, Johansen co-integration, Granger causality and the ECM.

Model Specification

Financial market funds components is likely to create certain multiplier effects on the growth of the Nigerian economy, and, taking this point into consideration, the generalised version of the model recommended by Nnamdi, Umar and Akinpelumi (2017) and Oyintonefie (2023) was as follows:

That model that utilises mathematical functions to the utilised variables is referred to as functional model. The functional forms will be simple linear or complex in relationship functions. In this case, the analysis has taken the structural equations of the financial market funds and the gross domestic product in Nigeria.

Gross domestic product and financial market funds Linear Model.

Linear model presupposes the existence of the straight-line correlation between the outlined and explanatory variables.

$GDP_t = f(GS_t, +CEQ_t, +CPS_t)$ 3.1

For estimations purposes, equation (2) is re-written as follows:

$$GDP_t = \alpha_{0t} + \alpha_1 GS_t + \alpha_2 CEO_t + \alpha_3 CPC_{t+\mu t} \quad \text{.....(2)}$$

Where: GDP -gross domestic product, GS- Government securities, CEQ- Corporate equities, CPS= Bank credit to private sector, α_0= Constant/ intercept, α_1- α_3 are coefficients for financial markets funds components.

Apriori expectation:

Given that an increase in each of the explanatory variables (government securities, , corporate equity, and Bank credits to private sectors) would theoretically expected to induces some multiplier effects on Nigeria's gross domestic product through the vehicle of investment.

It is correspondingly expected that sensitivities of Nigeria's economy increase in government securities, corporate equity, and Bank credits to private sectors with each greater than zero. By accumulation of savings, the market enlarges the set of achievable investment project.

In summary, the apriori expectation is assumed to be; $\alpha_1>0$, $\alpha_2>0$, $\alpha_3>0$,

4.0 Results and Discussion

4.1 Presentation of Data

Table 4.2.1. Descriptive Statistic Result

	GDP	CPS	EQT	GOVS
Mean	511872.5	8218.884	5719.556	3590.773
Median	11501.45	930.4939	748.7000	12.70000
Maximum	20236503	45059.20	33628.72	25286.34
Minimum	139.3100	8.570050	1.000000	2.100000
Std. Dev.	3080136.	12041.14	8195.689	6408.467
Skewness	6.322961	1.460210	1.701456	2.071247
Kurtosis	40.99512	4.189680	5.499106	6.387942
Jarque-Bera	2873.024	17.81668	31.93706	51.31048
Probability	0.000000	0.000135	0.000000	0.000000

Source: *Author's computation using E-views 10*

Table 4.2 shows the descriptive statistics of the various patterns of the employed variables. Based on the mean, the gross domestic product portrays an average annual production of 511,872.5 billion naira over the years; however, this is a characteristic of a developing country, as it is not sustainable but mostly highly concentrated at the beginning of the curve. Bank credit to the private sector (CPC) and equity (EQT) have the highest mean of 8218.884 billion naira and 5719.556 billion naira respectively with regards to financial market funds. It means that stocks and the loans provided by the private sphere are the largest sources of operational investment in the financial market activity. They also consume the financial industry positively to the gross domestic product of Nigeria. Government Securities (GOVs) then carry a mean of 3,590.773billion naira.

All the variables have a very large standard deviation, which means that financial market funds and economic performance are vulnerable to time changes because of economic influences in

the market. The rule of thumb example of kurtosis distribution is 3. The values of all the variables were above 3 and this indicated that they were leptokurtic that is, the distributions were peaked compared to a normal distribution. The skewness statistics shows that the skewness is positive in all the variables. This means that there is a significant amount of variation of variables used, especially of financial market indicators. None of the variables passed the normality test and connected to normal distribution with the significance level below 0.5 (5%), which showed that supplemental methods of evaluation, including the stationarity test, were required. It will enable us to determine the internal trend of all the variables used over the time.

Table 4.2: Unit Root Output

Variable	ADF T-statistics	Test Critical Values			Probability Level	Order of Integration
	1st diff	1%	5%	10%		
GDP	-3.474138	-3.615588	-2.941145	-2.609066	0.0011	I(1)
CPS	-3.654367	-4.198503	-3.523623	-3.192902	0.0381	1(1)
EQT	-6.483430	-4.198503	-3.523623	-3.192902	0.0000	1(1)
GOVs	-3.896307	-4.198503	-3.523623	-3.192902	0.0212	1(1)

Source: Extracts from E-Views output.

It was also found that all the factors employed were found to be statistically significant. This is to denote that the variables that were used had key characteristics that are pushed around their means and are not made in random walks. This makes the co-integration/long run test imperative.

Table 4.3: Cointegration Result

Series: GDP CPS EQT GOVS

Unrestricted Cointegration Rank Test (Trace)

Hypothesized No. of CE(s)	Eigenvalue	Trace Statistic	0.05 Critical Value	Prob.**
None *	0.880419	150.8738	47.85613	0.0000
At most 1 *	0.586559	63.79972	29.79707	0.0000
At most 2 *	0.468256	27.58686	15.49471	0.0005
At most 3	0.040418	1.691552	3.841466	0.1934

Unrestricted Cointegration Rank Test (Maximum Eigenvalue)

Hypothesized No. of CE(s)	Eigenvalue	Max-Eigen Statistic	0.05 Critical Value	Prob.**
None *	0.880419	87.07405	27.58434	0.0000

At most 1 *	0.586559	36.21285	21.13162	0.0002
At most 2 *	0.468256	25.89531	14.26460	0.0005
At most 3	0.040418	1.691552	3.841466	0.1934

Source: *Extracts from E-views.*

Three co-integration equations are found to establish a long term relationship between the study. It means that the variables utilised have a significant correlation and move in the same direction in long-term.

Table 4.4: Error Correction Model Output

Error Correction Model
Dependent Variable: GDP
Method: Least Squares

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	818.0755	1022.728	0.799895	0.4295
CPS	3.572960	0.511215	6.989147	0.0000
EQT	-0.436484	0.503908	-0.866198	0.3926
GOVS	1.777678	0.730710	2.432810	0.0206
ECM(-1)	-0.693202	0.157502	4.401234	0.0001
R-squared	0.996759	Mean dependent var		47053.31
Adjusted R-squared	0.995974	S.D. dependent var		62951.48
F-statistic	1268.823	Durbin-Watson stat		1.762149
Prob(F-statistic)	0.000000			

Source: *Extracts from E-views output*

According to table 4.4. the absolute value of the coefficient of error of the model is -0.693202 indicating the negative sign as expected. The short-run adjustments of the disequilibrium in gross domestic product during the year in the form of changes in bank credit to the private sector, equity, and government securities helps in mitigating the disequilibrium by 69.32 percent as indicated by the coefficient of -0.693202. Coefficient of determination (R 2) of 0.995219 indicates that the long-run variation in the gross domestic product of Nigeria is well explained by the variation in the explanatory variables, which is, 99.52 percent. The further findings show that the constituents of the financial market funds pass the test of significance, except equity over the study period. Similarly, the ratio of the government securities and credit to the private sector coincides with our a priori expectation as it had a positive coefficient of 1.777678 and 3. 572960.The significance level of bank credit to the government security and hence the private sector is 0.0000 and 0.0206. The value of Durbin Watson is 1.762149. This is in compliance with the general guideline. Thus, proposed that there is no serial autocorrelation. At the same time, our estimations can be used as a foundation in policy forecasting using the model.

Table 4.5: Pairwise granger causality Test output

Pairwise Granger Causality Tests

Null Hypothesis:	Obs	F-Statistic	Prob.
CPS does not Granger Cause GDP	41	0.49673	0.6126
GDP does not Granger Cause CPS		12.7212	7.E-05
EQT does not Granger Cause GDP	41	2.77248	0.0759
GDP does not Granger Cause EQT		11.0544	0.0002
GOVS does not Granger Cause GDP	41	3.78732	0.0322
GDP does not Granger Cause GOVS		7.22897	0.0023

Source: ***Extracts from E-views.***

Findings of the pair-wise Granger Causality tests given in Table 4.8 were used to show the presence of both mutual and unidirectional causality between the used variables. There is also unidirectional causation between gross domestic product (GDP) and credit to the private sector (CPS) and gross domestic product (GDP) and equity. Also, a cause-and-effect relationship is found between government securities and GDP and between the GDP and government security in Nigeria. This indicates that government securities and the GDP of Nigeria have a mutual relationship, which provides an exchange of fostering the economic operations with time. In its turn, the raise in the amount of production of goods and services within the economy activates economic processes and contributes to more investment and, eventually, to the demand and supply of more taxes in the financial market.

4.2 Discussion of Findings

The paper is a study of how the financial market funds related to the economic performance of Nigeria between 1981 and 2023. The analysis had a positive a priori prediction towards the effect that the explanatory variable has in the Nigerian gross domestic product. The stationarity test outcomes show that all the variables are integrated of order, I (1). The results obtained in the co-integration test indicated the existence of a long-lasting relationship between the computed variables. The outcome of the error correction points to suggest that 99.5 percent of the variance in the criterion variables can be explained by the change in the predictor variables (credit to the private sector, government securities, and equity). It is estimated that a percentage increase in lending to the private sector will increase the gross domestic product by an average of 3.572960, this implies that the provision of financing to the private sector is an important tool to drive economic prosperity in Nigeria. Equity has a negative coefficient and at the same time insignificant. The findings show that equities itself is not attractive to investors because of the dividend policy trend and defaults in the timely payment of dividends since rational investors are attracted to instant returns. Also, it can be caused by consumerist attitude of the shareholders. Surprisingly, though the securities of the government are thought to be a meagre-free mechanism, their effect on the economy is promising. The coefficient is 1.777678 which is significant at 0.0206. The outcomes reveal that an increment of one percent in government

securities funds will cause an increase in the gross domestic product by 1.777678, which is very good to the economy. This can be because of sound management of the finances and discipline in the allocation and implementation in project. The results of the Granger causality test showed that we had both demand and supply leading hypotheses, whereby the causation is on the amount of gross domestic product or credit to the private sector and equities, and the government securities only works in both directions in promoting the economic growth of Nigeria.

This observation conflicts with the a priori expectations on the study. The findings support the work. Madume, Okereke, and Nwulu (2023); Nathan and Uche (2022); Khan (2022) affirm the research about the issue of security by the government, credit to the private sector, and equity, and Oyintonefie (2023); Ogunsanwo, Adelugba, and Efuntade (2023); Amali, Alymkulova, and Ejila (2023); Nnamdi, Umar, and Akinpelumi (2017); and Nnamdi (2015a) contested this findings.

5.0 Conclusion and Recommendations

5.1 Conclusion

The proposed study will assess the relationship between the main financial market elements and the gross domestic product in Nigeria in addition to the degree to which the utilised elements promote or facilitate economic achievement. According to the unit test results, all the variables were integrated of one order. The error correction analysis indicates that the gross domestic product of Nigeria can be forecasted by only the government securities and credit to the private credit sector which means that the Granger causality test indicates that as the economic activity increases, the need of the financial sector to take the borrowings increases and improves.

5.2 Recommendation

On the findings, we recommend;

i. Investors ought to be encouraged to invest in government securities to build and mature financial market in regards to liquidity, promote growth in the infrastructure and help the government to funds in short-term.
ii. In order to regain investors' confidence, firms need to ensure that they release positive earnings report, rebalance their portfolio, new product announcement, and lowering the attitude of buy and hold by the buyers.

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