CHAPTER ONE

INTRODUCTION

1.1 BACKGROUND OF THE STUDY

A stock price is an indication of what investors believe a compound is worth and this is best represented by the change in its economic value, that is, the change in the net present value of its expected future cash flows (ICAEW, 2000). The price of a share quoted in the stock market is a reflection of many endogenous (intrinsic) and exogenous (extrinsic) variables referred to as fundamentals, which sometimes are measureable while others remain the product of non-quantifiable human behaviour (Omoyiola&Adeolu, 2011). In addition, the price of a stock not only reflects a company's current value, it also reflects the investor's expectations of future growth and earnings.

Prior to the 2008 financial crises, the Nigerian capital market had remained illiquid and experienced a downward trend in stock prices of corporate organizations, which in turn resulted to long term investors becoming less interested to invest in the capital market(Onoh, 2002).As a result of the aforementioned, organizations seek to improve performance and create value in terms of additional wealth for their shareholders and increased satisfaction to their customers and other stakeholders. In order to achieve this undertaking, they employ different types of performance management systems. As a result, recent decades have seen a plethora of new management approaches for improving organizational performance.

Koller (1994) however observes that while many of these performance management systems have succeeded, many others have not. He argues further that "the cause of failure was often performance targets that were unclear or not properly aligned with the ultimate goal of creating value". In their own opinion, Echebarria-Miguel &Barrutia-Legarreta (1999) described the unsuccessful performance management systems as fractional approaches to business realities". That is why they are no longer effective in a world where the organisational environment has become progressively more complex.

Moreover, an indication that a company is witnessing a going concern threat, may lead to divestment by existing shareholders and the consequence could be a low business turnout. The major risk therefore facing management as agent of the principal is to uplift the internal and external status of the company's performance, ensure the dissemination of such achievements. This will serve as a guide to investors and as a result aid their investment decisions. This is

achievable by ensuring that the key corporate performance indicators are available through the financial statement to the proposed and existing investors in a timely manner, in order to effect their investment decision (Ike_Ekweremadu, 2014).

Returns are the essence of investment which flows periodically while the capital investment is still intact and appreciating. One of the major avenues of investment that has the potentials of yielding considerable returns is the investment in Equity shares. This kind of investment makes the investor a part owner of the firm which also guarantees some long run benefits in terms of dividend and capital gains. The capital gain is realisable at the time of disposal of such share provided the market price is higher than the cost of purchase(Nwokoma, 2002).

The stock market shows objectivity and consequent to this, investors and fund managers have time and again been confronted with the problem of accurately predicting the stock prices so as to earn adequate returns. Since investment in shares offers the benefit of liquidity as well as the opportunity to beat the market and earn high returns,the task of predicting share prices is far from simple. Share price movement is not independent in nature and both intrinsic as well as extrinsic factors have been established to exercise effect over stock price movements(Malhotra, 2013). The pioneering work on determinants of share prices by Collins (1957) for US banks identified dividend, net profit, operating earnings and book value as the factors influencing share prices. Following Collins (1957), there have been various attempts to identify the determinants of share prices for different markets and for different industries.

Over the years, the relationship between stock market indicators and macroeconomic variables has been an issue of debate among financial scholars (Osisanwo&Atanda, 2012; Obinwogu, 2012; Maku&Atanda, 2009; Omole, 1999 and Ikoku, 2007). These authors argue that stock prices are effectd by macroeconomic variable such as interest rate, exchange rate, inflation and even money supply. Some empirical studies indicate that investors believed that monetary policy and macroeconomic variables have a large effect on the volatility of stock prices. So also studies by Chritopher, Mminsoo, Huahwa& Jun (2006) posit that macroeconomic variables can effectinvestors investment decision. The Nigerian Government sets macroeconomic performance target every fiscal year which are usually tied to both the fiscal and monetary policies(Omole, 1999). The Central bank of Nigeria adopts many policies to stabilize the macroeconomic variables which affect the Nigerian capital market and in turn increase performance, promote price stability, stabilize exchange rate, moderate inflation and create employment (Osisanwo, Bukonla&Atanda, 2012). Financial regulators oversee the capital markets in their designated

jurisdictions to ensure that investors are protected against fraud, among other duties (Onoh, 2002).

The civilian government inaugurated in 1999 in Nigeria inherited a fragile and vulnerable banking system, which was characterized by truncated capitalization, inability to effectively support the real sector and stimulate economic growth. The banks, in fact, became risky, with many having suffered financial distress and bank failure as a result of non-performing loans (Olukotun, Ademola, Olusegun&Olorunfemi, 2013).

It is worthy of note that, financial ratiosare relationship between a two individual quantitative financial information connected with each other in some logical manner, and this connection, is considered as a meaningful financial indicator which can be used by the different financial information users(Majed, Said &Firas, 2012).Accountants use many financial ratios for analysis and most of these financial ratios can be classified as follows according to their use in financial analysis: Liquidity Ratios, Activity (operational) Ratios, Profitability Ratios, Debt Ratios and Market Ratio.It is worthy to note also that, various studies have shown that accounting ratio alone cannot be responsible for determining corporate performance and how it affects share price. The study therefore will comprehensively investigate the effect of various corporate performance indicators (Internal and External) on the equity share prices in Nigerian Banks.

1.2 STATEMENT OF PROBLEM

Empirical results show that markets generally react when financial information is available to investors (Aduda&Chemarum, 2010). Investors therefore desire concrete information on which they can base their judgement for investing into shares on.

The Nigerianbanking system has experienced fundamental changes sinceindependence. In 1960 Banking developed from an industry which was dominated by a smallnumber of foreign owned banks into one in which public sector ownership predominated inthe 1970s and 1980s and in which Nigerian private investors have played an increasinglyimportant role since the mid-1980s. Extensive government intervention characterisedfinancial sector policies, beginning in the 1960s and intensifying in the 1970s, the objectiveof which was to influence resource allocation and promote indigenisation. Since 1987financial sector reforms have been implemented, encompassing elements of liberalisation andmeasures to enhance prudential regulation and tackle bank distress(Martin, 1996).

Inyiama and Chike (2014) posit that the earningsand businesses of the Brewery Industry areinfluencedby general economic conditions, theperformance of the financial markets, inflationary rates, money supply,interest rates,foreigncurrency exchange rates, changes in laws, regulations and policies of the Central Bank, capitalmarket and other regulatorsas well ascompetitive factors on a global, federal, state and localgovernment basis.

Also, Studies such as Jimoh, (2009)and Osisanwo&Akinwande (2012) reveal that besides financial ratios, the stock price movement in the Nigerian Stock Exchange is much affected by factors other than the firm's financial performance. It suggests that there are factors other than internal factors that also affect the stock price movement. In certain periods, the changes in stock price do not reproduce the firm's financial performance. External Factors such as interest rate, inflation rate, and exchange rate can affect changes in stock return significantly. However, a similar study by Victor, Jonathan, & Anthony, (2013)showed a different result as Interest rate was not a determinant factor of share price movement; instead, inflation was a major determinant factor.Consequently, it is obvious that the macroeconomic variable that effects corporate financial performance and share price movement is still an unresolved issue.

Ike-Ekweremadu (2014) studied corporate performance indicators with the aim of determining its effect on the movement of equity share price in the Nigerian Brewery industry. The study investigated the effect of Earnings Per Share, Net Asset Value Per Share and Price Earnings Ratio on the movement of Equity share price in the Brewery industry. The study covered a period of thirteen years (2000-2012). The study used multiple regression to test the three hypotheses that werepostulated. The findings of the study showed that Earnings per share only had a positive and significant relationship with Equity share price.

This studyintends to modify the model of Ike-Ekweremadu (2014) with the aim of incorporating external parameters, namely: inflation rate, interest rate and exchange rate in line with the suggestion made by Osisanwo, Bukola, Atanda&Akinwande (2012) who posited that external factors should be incorporated into the performance indicators to be studied. This study has become important following occasional volatility in the movement in equity share prices on the outcome of corporate performance in the Banks listed on the Nigerian stock Exchange. Moreover, studies on the determinants of corporate equity price in the Banking Industry in Nigeria are scarce or non-existent.

1.3 OBJECTIVES OF STUDY

The broad objective of this study isto access the determinants of equity share price in order to define their effect on the share price movement in the banking industry. The specific objectives are therefore:

1. To determine therelationship between earnings per share and the market price of shares in the banking industry.
2. To examinethe relationship between Net Asset Valueper Share and the market price of shares in the banking industry.
3. To evaluatetherelationship between Price-Earnings Ratio and the market price of shares in the banking industry.
4. To ascertainthe relationship between interest rate and the market price of shares in the banking industry.
5. To determine therelationship between inflation and the market price of shares in the banking industry.
6. To evaluatethe relationship between exchange rate and the market price of shares in the banking industry.

1.4 RESEARCH QUESTIONS

1. To what extent do earnings per share affectthe marketprices of equity share of Banks listed on the Nigerian Stock Exchange?
2. To what extent does return on investment affect the marketprices of equity share of Banks listed on the Nigerian stock Exchange?
3. To what extent does dividend per shareaffectthe market prices of share of Banks listed on the Nigerian Stock Exchange?
4. How does interest rate affectthe market prices of share of Banks listed on the Nigerian Stock Exchange?
5. What is the extent of effectof inflation on the marketprices of share of Banks listed on the Nigerian Stock Exchange?
6. How does exchange rate affectthe market prices of share of Banks listed on the Nigerian Stock Exchange?

1.5 HYPOTHESES

$H0_1$: Earnings per share (EPS) has no significant and positive relationship with the Market price of shares (MPS) of Banks listed on the Nigerian Stock Exchange.

$H0_2$: Net Asset Value Per Share has no significantand positive relationship with the market price of shares (MPS) of banks listed on the Nigerian Stock Exchange.

$H0_3$: Price-Earnings Ratio has no significant and positive relationship with the market prices ofshare of Banks listed on the Nigerian Stock Exchange.

$H0_4$: There is no significant and positive relationship between interest rate and themarket prices of share of Banks listed on the Nigerian Stock Exchange.

$H0_5$: Inflation has no significant and positive relationship with the Marketprices of share of Banks listed on the Nigerian stock Exchange.

$H0_6$: Exchange rate has no significant and positive relationship with the market prices of share of Banks listed on the Nigerian Stock Exchange.

1.6 SIGINIFICANCE OF STUDY

1. This study will provide useful information to Investors in the Banking sector about the relationship between selected financial performance indicators and changes in equity share prices. It will provide them with sufficient information in making informed investment decision regarding their portfolio. It will also present a platform for deciding to hold or sell certain shares. Shareholders will be furnished with basic information that will equip them for the appraisal of management policy decisions and implementations.
2. Prospective investors will find this study useful, as it will provide basic information that will aid their decision in choosing the shares to buy.
3. This study will be useful to the Management of the Nigerian Banking sector, as it will expose in clear terms, the corporate performance indicators that they should look out for. It will serve as a good information tool in the packaging of loans for corporate clients who need such to buy shares and for other clients whose credit worthiness is being assessed and hence encourage strategic planning in choosing best share policies that will favour increasing share value.

4. Regulatory Agencies such as the Nigerian Stock Exchange, Central Banks of Nigeria and Nigerian Deposit Insurance Corporation will find this study useful during policy formulation and implementation as it will provide information on the determining factors of Share prices in the Banking sector.
5. This study will also be a good literature to researchers who which to further investigate other issues relating to the determinants of Equity Share prices.

1.7 SCOPE OF STUDY

This study covers a period of fifteen years (2000 – 2014). This period was chosen because it covered some interesting innovations such as the banking recapitalization of 2005, the global financial crises of 2007 to 2009 and the transition from the military Government to a Democratic era in 1999. Thestudy investigatesthe macroeconomics variables (divided into internal and external variables) that might affect share price movement in the Banking Industry. The internal variables chosen are: EPS, NAVPS and PE while the external variables chosen are: Inflation rate, exchange rate and interest rate. These variables were chosen because they are the most debated variables by authors.

The study focuses on the thirteen Nigerian Banks that made the list of the first one thousand banks in the world as published by the Banker magazine of the Financial Times Group in its 2014 edition. This covers both the old and new generation commercial Banks.

1.8 LIMITATION OF STUDY

Efforts were made by the researcher to collect data for all the thirteen sampled banks in Nigeria,however it was not possible to obtain complete data in respect of some variables such as EPS and NAVPS for the entire period of the study from all the sampled banks in the Nigerian Stock Exchange. The researcher therefore limited the studies to selected commercial banks quoted in the Nigerian Stock Exchange which have complete data needed for analysis and which belong to the list of the first one thousand Banks in the world. These are: IBTC, Zenith Bank, Access Bank, Diamond Bank, Eco Bank, First Bank, FCMB, Fidelity Bank, GTB, UBA and Union Bank.

1.9 Operational Definition of Terms

Price-Earnings ratio, is defined as Market Price Per Share divided by Earnings Per Share. It is a tool used by investors to determine whether they should invest in the stock of a firm (Scatizzi, 2010).

The basic calculation of net assets per share is: net assets (total assets on the balance sheet less total liabilities) divided by the number of equity shares in issue (ReadyRatios, 2014)

Exchange rate is an expression of the national currency's quotation in respect to foreign ones (http://economicswebinstitute.org/glossary/exchrate.htm).

Inflation is the permanent increase in the aggregate price level implying a diminishing of the purchasing power and a consequent increase in the cost of living (Shukairi, Waleed, AbdulBaset& Marwan, 2012).

Interest rate spread is the interest rate charged by banks on loans to private sector customers minus the interest rate paid by commercial or similar banks for demand, time, or savings deposits.

The terms and conditions attached to these rates differ by country, however, limiting their Comparability (InvestorWords, 2016).

CHAPTER TWO

REVIEW OF RELATED LITERATURES

This chapter reviews related literatures to the present study. The review was organized under the following sub-headings:

2.1 Conceptual Framework

2.2 Theoretical Framework

2.3 Empirical Review

2.4 Summary of Reviewed Related Literature

2.1 CONCEPTUAL FRAMEWORK

2.1.1 Equity Share

Equity shares are shares that carry no preferential or special rights in respect of annual dividends and in the repayment of capital at the time of liquidation of the company (Brian, 2011). These shares carry no preferential rights; therefore, these are also known as common stock or ordinary shares. Dividend on such shares is payable only when there are profits after the payment of preference dividend. But, the rate of dividend on these shares is not fixed. Board of directors, depending upon the dividend policy as well as the availability of profits after dividend on preference shares, declare dividend. No dividend will be paid on these shares, if there are no profits or insufficient profits in a particular year. The value of these shares in stock exchange fluctuates on the basis of rate of dividend declared. Similarly, these shares are redeemed only after the redemption of preference shares at the time of liquidation of the company. Equity shareholders holders enjoy full voting rights in all matters of the company. They have right to elect directors and participate in the management and control of the company. They also share residual profits(Brian, 2011).

The stock of a corporation is partitioned into shares, the total of which are stated at the time of business formation. Additional shares may subsequently, be authorized by the existing shareholders and issues by the company.Shares represent a fraction of ownership in a business (Hoang, 2007). Ownership of shares may be documented by issuance of a stock certificate. In financial markets, a share is a unit of account for various financial instrument including stocks (Ordinary or preferential). A corporation divides its capital into shares and offers them for sales

to raise capital, termed as issuing shares.Thus, a share is an indivisible unit of capital expressing the contraction relationship between the company and the shareholders. The documented value of a share is its face value; the capital of a company is divided into a number of shares(Hoang, 2007).A share price is simply the value of a single share of a company's stock. Share price is volatile because it largely depends upon the expectations of buyers and sellers. For the purpose of this study, the share price refers to the price of the stock at the closing period.

Share asa Source of Long Term Debt

The sales of equity securities are a principal method of raising long-term capital other than the issuing bonds. Publicly held shares can be traded to other investors on the stock market and are in this case, known to be liquid. Company shares represent permanent loans and there are no rights to repayment of such loans(Stanlake, 1993). According to Stanlake (1993), the absence of some kind of stock exchange, securities such as these will be very illiquid and it would be very difficult to find buyers for them. Hence, the existence of the stock exchange solves this problem because it provides a market where holders of shares and long-term securities can always buy and sell them.

In principle, stock markets are expected to accelerate economic growth by providing a boost to domestic savings and increasing the quantity and the quality of investment. In particular, stock markets can encourage economic growth by providing an avenue for growing companies to raise capital at lower cost. In addition, companies in countries with developed stock markets are less dependent on bank financing, which can reduce the risk of a credit crunch.

The stock market is also expected to perform an 'act of magic' by permitting long term investment to be financed by funds provided by individuals, many of whom wish to make them available for only a very limited period, or who wish to be able to withdraw them at will (Baumol, 1965). Better savings mobilization may increase the savings rate. If efficient stock markets enable savings to be allocated to investment projects with higher returns, the rate of return to savers increases, making savings more attractive. As a result, more savings are channelled to the corporate sector.

2.1.2 Behaviour of Share Price

According to Makinlay(2007), empirical studies have demonstrated that prices do not completely follow random walk. Low serial correlation (around 0.05) exists in the short term and slightly stronger correlations over the longer term. Their sign and the strength depend on a variety of

factors.In economics and financial theory, analysts use random walk techniques to model behaviour of asset prices, in particular share prices on stock markets currency exchange rates and commodity prices.

This practice has its basics in the presumption that investors act rationally and without biases, and that at any movement they estimate the values of an assets and that at any moment they estimate the value of an assets based on future expectations. Under these conditions, all existing information affects the price, which changes only when new information comes out. By definition, new information appears randomly and effects the asset prices randomly.

Similarly, Eugene (2010), states that when viewed over long period, the shares price is related to expectation of future, earnings and dividend of the firm. Over short periods, especially for younger smaller firms, the relatively relationship between share price and dividends, can be quite unmatched. Studies have found that some of the biggest price deviation from random walks results from seasonal and temporal patterns (AL Taher, 2003: AL- Shubiri, 2010; Aduda, Masila&Onsongo, 2012). In particular,January return significantly exceed those in other months (January effect) and on Mondays share price go down more than on any other day. Observers have noted these effects in many different markets for More than half a century, but without succeeding in giving a completely satisfactory explanation for their persistence.

2.1.3 Share Price Determination

Determining share price is a conflicting task. According to economic theory, the price of any asset is usually determined by the market forces. However, a number of empirical studies have been conducted on the determinants of stock prices. Some of these studies looked at the relationship between stock prices and the factors that could affect it (Kang & Stutz, 2007). In their study, they examined determinant of firm stock price performance from 1990 to 1993 in Japan. During that period, the typical firm of the Tokyo stock Exchange lost more than half of its value and banks experienced severe adverse stocks. They observed that firms whose debt had a higher fraction of bank loans in 1989 performed worse 1990 to 1993. This effect is statistical as well as economically significant and holds when we control for a variety of variables that affect performance during this period.

In a study by Rahman,Baten, Udden, &Jubayer(2006), negative correlation between the beta and stock return was revealed, which is the reason for inefficiency of market. The decomposition of stock price movement is very sensitive to what assumption is made above the presence of paramount changes in either real dividend growth or excess stock return.

Al-Omar &Almutairi(2008) stated the effect of dividend payment on stock prices by taking the sample of fifty five companies listed at Karachi stock exchange. Results from their study show that dividend yield; earnings, per share, return on equity and profit after tax are positively related to stock prices while retention ratio has negative relations with stock prices.

In addition, findings from prior studies indicate that share price determination is a very much diverse and conflicting area of finance (AL Taher, 2003: AL- Shubiri, 2010; Aduda, Masila&Onsongo, 2012). Every aspect of this phenomenon has disagreement from the basic philosophy to the econometric models there are different school of thoughts. In Nigeria, there is no sufficient literature to explain the contextual features of financial information and stock market all of these facts create the need for further studies with simple models, large sample data and wider span

Al-Shubiri (2010) argued that Government policies, firm and industry performance also have effects on demand behaviour of investors and could be a determinant of market price of equity shares. Such policies could affect both the cost of doing business and corporate financial performance. Therefore, share price could significantly be affected, at various levels of significance, by a number of these corporate performance indicators such as Net Asset Value Per Share, earnings per share, Price Earnings Ratio, interest rate, exchange rate both individually and collectively. Malhotra&Prakash (2001) examined the market price determinants of 'A' group and 'B' group shares of Indian stock market during 1989-90 to 1998-99 The study adopts correlation analysis and regression analysis. The study concluded that the puce behaviour of 'B' group share is determined mainly by net book value per share. Similarly, an investigation of the determinants of market stock price movements of Jordanian commercial bank of Amman stock exchange for the period 2005-2008 was conducted by Al-Shubiri (2010). The study made use of simple and multiple regression analysis to investigate the determinants of market stock price. The findings of the study indicate a highly positive and significant relationship between market puce of stock and net asset value per share. In support of this findings, Investors and market analysts resort to financial statement analysis when it comes to share investing (Irungu, 2013). In Nirmala, Sanju&Ramachandran (2011) it was argued that various factors have been considered as influencing share prices for different markets such as dividend, retained earnings, size, earnings per share, dividend yield, price earnings ratio, leverage, payout ratio, book value per share, foreign exchange rate, gross domestic product, lending interest rate, analyst reports, availability of substitutes, Government policy, investors sentiments, lawsuits, macroeconomic fundamentals, management, market liquidity and stability, mergers and takeovers and technical effects.

However, it is only logical that a good indicator of financial performance is expected to correlate with movements in shareholders wealth (Ike_Ekweremadu, 2014).

2.1.4 The Capital Markets

According to Nwude(2004), the capital market is a market for securities, where business enterprises and government can raise, long term funds. It is defined as a market in which money is provided for periods longer than a year, as the raising of short term funds takes place on the money market. The capital market includes the stock market (equity securities) and the bond market (debt).

Basically financial regulators oversee the capital markets in their designated jurisdictions to ensures that investors are protected against fraud, among other duties. The stock market has become an important market playing a vital role in economic property fostering capital formation and sustaining economic growth. Stock market are more than a place to trade securities, they operate as a facilitator between savers and users of capital by means of pooling of funds, sharing risk and transferring wealth (Onoh, 2002),.

Kurichara(2006) posit that stock markets are essential for economic growth as they insure that flow of resource to the most productive investment opportunities. Over the years, the stock market Indices has witnessed significance crashes in both developed and emerging markets. The most commonly publicized instance was the 1987 Wall Street crash in United State where Dow Jones Industrial average fell by 22.6%, the large one-day decline in recorded stock market history. This significance crash was not confined to the United State only, but spread to other developed systems. By the end of October 1987, stock market in Australia had fallen to about 41.8% Canada by 22.5% Hong Kong by 45.8% and the United Kingdom by 26.4%(Kurichara, 2006).

These collapse nevertheless, have generated a lot of research in developed economies on the extent to which stock market indices really reflect economic fundamentals. However, the same is not true in developing economies like Nigeria where the pricing of securities particularly equities in the secondary market has been the subject of debate. Criticism has come not only from senior executives of quoted companies who at times perceived their shares as under values but also from investors generally experts in security pricing, stock brokers in other developed stock exchange markets and other observers of Nigeria capital market (Nwokoma, 2004),.

The failure to understand the issues surrounding share price and its determinants has been the bane of the financial disposition of numerous corporations today. Investor's participation in the assets of a company is usually affected by its share price history; which summarizes the quality of operation, of the company. It is pertinent to note that after more than thirty-five years, of trading on the Nigeria stock exchange, brokers are yet to evolve an acceptable and uniform pricing formula for securities quoted on the exchange.

There are instances of brokers, justifying movement in the price of security solely on account of demand or clients instruction without reference to other parameter of price determination. In addition, managers of many companies today are ignorant of the effects of determinantsof share prices.

Heaps(2010), stated that the market is characterized by infrastructural inadequacy, thus causing delays in effecting transactions between issuing houses, brokers, dealers, registers, investors and their bank due largely to inadequacy of our postal and telegraphic services.

2.1.5 EarningsPer Share (EPS)

This is the ratio of the profit after tax of a company for any financial year after payment of preference dividend to the equity shareholders who are the sole claimants to the netearnings of the corporation after making payment ofdividend to the preference shareholders. Thesignificance of this ratio flows from the fact thathigher the earnings per share the more is the scopefor a higher rate of dividend and also of retainedearnings, to build up the inner strength of thecompany. The formular for calculating EPS is shown below:

EPS = (Net Profit After Tax – Preference Dividend)/No. of outstanding shares

Earnings per share on the face of the income statement is a requirement for enterprises whose ordinary shares or potential ordinary shares are publicly traded and by enterprises that are in the process of issuing shares or potential ordinary shares in the public securities market (Valix& Peralta, 2009). Specifically, public enterprises are required to present earnings per share while non-public enterprises are not required to present earnings per share; but are encouraged to present earnings per share to achieve comparability in financial reporting. In a study conducted by O'Hara, Lazdowski, Moldovean& Samuelson (2000) involving three financial variables which included EPS with an objective to find some corporate financial measures that would correlate with share price that on average generates returns higher than the S&P500 index over an extended period of time. The authors posited, among others, that companies which increased

their earnings per share on a consistent basis should see a strong positive correlation between earnings per share and share price.

Relevant information for decision making is provided to shareholders to enable them critically appraise the past financial performance and to project by means of forecast into its future performance. Earnings Per Share (EPS) provide such critical information to shareholders. Companies that exhibit the potentials of long-term earnings are likely to attract investor's patronage which could lead to an increase in share prices in obedience to the law of demand and supply. Encarta (2009) posit that if expectations about the corporation's operations improve and investors expect higher earnings per share, then the price of the stock is likely to rise. Investors expect that more people will want to buy shares to participate in the increased profitability. If, however, expectations turn pessimistic and shareholders anticipate lower earnings per share, then holders of the stock will try to sell their shares, reducing the stock's price.

Those Companies that exhibit some signs of long-term earnings potential, seems to attract more buyers and in obedience to the supply and demand theory, could lead to an increase in share prices of the firm. Conversely, a firm with signs of poor financial performance attracts investors willing to sell than those willing to buy shares. This can lead to lowering of share prices. An uninterrupted rise in share prices is known as an uptrend while a steady drop in share prices is referred to as downtrend When uptrend is sustained over a reasonable time a "bull market will be witnessed but if downtrend is the case over a period, a 'bear" market will emerge Other factors can also affect prices and cause sudden or temporary changes in price (Zakaira, Muhammad &Zulkifir, 2012). Examples of these other factors include earnings reports, political events, financial reports and economic news. Earnings per share is generally considered to be the single most important variable in determining a share's price and it is also a major component used to calculate the price-to-earnings valuation ratio and serves as an indicator of a company's profitability (Omoyiola&Adeolu, 2011).

2.1.6 Net Asset Value Per Share (NAVPS) as a Financial Performance Indicator

The NAVPS can be likened tothe stock price as it represents the value of one share, besides both measures provide the investors with a way of comparing fund performance with the market or industry benchmarks. Some analyst present the argument that comparing long-term changes in the NAVPS of a fund is not as meaningful as comparing long—term changes in the price of stock as funds must periodically distribute the capital gains among shareholders. Moreover, they

also argue that evaluation of short-term changes in NAVPS is generally more productive (ReadyRatios, 2014). The NAVPS is a yardstick for measuring the performance of companies. It is frequently used for property and investment companies. The basic calculation of net assets per share is: net assets (total assets on the balance sheet less total liabilities) divided by the number of equity shares in issue. An increase in net assets per share by means of a share buyback, for example, may lead to an increase in the market value of a company's shares (Practical Law, 2013).

Net asset value per share (NAVPS) is calculated as the value of a firm's fixed and current assets less the value of its long and short term liabilities divided by the number of outstanding ordinary shares. It is a mathematical expression which has as its output, the net asset value per share of a company. Moreover, it is noteworthy that akin to assets and liabilities, the number of shares outstanding fluctuates on a daily basis as investors buy and/or sell their shares(Ike_Ekweremadu, 2014).

2.1.7 Price-Earnings Ratio (PERATIO) as Financial Performance Indicator

Price-earnings ratio (PE) has been argued to be the most popular price multiple and it relates current share price to earnings per share(Scatizzi, 2010). Price—Earnings ratio, is defined as Market Price Per Share divided by Earnings Per Share. It is a tool used by investors to determine whether they should invest in the stock of a firm. It states how much an investor is to pay for every one naira of earnings. Investors are more willing to invest when the Price to Earnings ratio is low than when it is high. This is because when the P/E ratio is low, investors will pay less for every one naira of earnings.

Price-to-Earnings ratio could be used for analysing relative attractiveness of equity investments and use it as a valuation technique for performance evaluation of individual stocks, sectors and markets(Molodovsky, 1993). In addition, it also reflects investor's confidence and sentiment about firm's future performance and effects investment decisions (Afza&Tahir,. 2012). Most importantly, it aids investors in deciding whether a company's share is overpriced or under-priced when compared with the real value of the company and with shares of other companies in the same industry.

2.1.8 Exchange Rate

Exchange rate is an expression of the national currency's quotation in respect to foreign ones. For instance a US dollar could be worth ₦260 in the Nigerian Naira. Looking at exchange rate from

a slightly different perspective, if the exchange rate can freely move, it may turn out to be the fastest moving price in the economy, bringing together all the foreign goods with it.(http://economicswebinstitute.org/glossary/exchrate.htm).

In a studyconducted by Dimitrova, (2005),he investigated whether there is a link between the stock market and exchange rates that might explain fluctuations in either market. His apprior expectation was that, in the short run, an upward trend in the stock market may cause currency depreciation, whereas weak currency may cause decline in the stock market. To test these assertions, he used multivariate, open-economy, short-run model that allows for simultaneous equilibrium in the goods, money, foreign exchange and stock markets in two-countries. He established the relationship between stock prices and exchange rates is important for a few reasons. First, it may affect decisions about monetary and fiscal policy. Second, currency is more often being included as an asset in investment funds' portfolios. Knowledge about the link between currency rates and other assets in a portfolio is vital for the performance of the fund.

In a study conducted by Ajayi&Mougoue (1996) the short-and long- run relationship between stock prices and exchange rates in eight advanced economies were investigated. Theresult revealed thatthere is a short-run effects in the U.S. and U.K. markets. They find that an increase in stock prices causes the currency to depreciate for both the U.S. and the U.K., which supported their hypothesis.

2.1.9 Inflation

Inflation isthe permanent increase in the aggregate price level implying a diminishing of the purchasing power and a consequent increase in the cost of living (Shukairi, Waleed, AbdulBaset& Marwan, 2012). From this definition, it is important to note that the movement in the price level must be permanent in order to be seen as inflation. Inflation is considered as one of the economic phenomena that still polarized attention of both development and developing countries. "Also, it is considered a complex economic subject because it represents a tangible phenomenon and not only a macroeconomic variable such as gross domestic product and investment. In addition, there are many different reasons that may cause inflation. Therefore, the economic school of thoughts and many economists tried to study this observable variable in order to analyze, explain and understand its relation with the other macroeconomic variables. The importance of inflation, as a macroeconomic variable, in the literature comes from its ability to reflect the economic stability of a nation, or the ability of the government to control the

economy through its monetary and fiscal policies. Moreover, inflation may give an idea about the trade policy of a nation such as the degree of openness".

In a study conducted by Shukairi, Waleed, AbdulBaset& Marwan (2012), assert that, the inflation phenomenon in the Jordanian economy is enforced by three main reasons which are; 1. The monetary and fiscal policies. 2.The high openness rate toward the regional and international economics and 3.The weak of structural productive base for the Jordanian economy.They further explained that, the last two reasons are sensitive and serious problem and hard to control or put high burden on the government. Theirstudy was aimed at explaining the impact of inflation on stock prices at the Amman stock exchange.Random sample from the companies that listed in the market was collected. Some statistic programmers were used to analyse the data. The result of the study varied; not all companies offered a perfect hedge against inflation. The companies such as (JOIN,JOEP,NPSC, ZAR, ACDT, ELZA, and DADI)were negatively correlated against inflation while the other selected companies such as (ARBK,CABK, and JOPH) showed a slightly positive correlation between stock price changes and inflation.

2.1.10 Interest Rate

Interest rate of investors is the cost that banks charge for borrowing money from Federal Reserve banks (Victor, Jonathan & Anthony, 2013). Victor, Jonathan & Anthony, (2013) asserts that interest rate is one of the tool used for the control of inflation. He further explained that interest is essentially nothing more than the cost someone pays for the use of someone else's money.

Victor, Jonathan & Anthony (2013) also explained the effect interest rate has on share price: "Stock Price EffectsClearly, changes in the federal funds rate affect the behaviour of consumers and businesses, but the stock market is also affected. Remember that one method of valuing a company is to take the sum of all the expected future cash flows from that company discounted back to the present. To arrive at a stock's price, take the sum of the future discounted cash flow and divide it by the number of shares available. This price fluctuates as a result of the different expectations that people have about the company at different times. Because of those differences, they are willing to buy or sell shares at different prices. If a company is seen as cutting back on its growth spending or is making less profit - either through higher debt expenses or less revenue from consumers - then the estimated amount of future cash flows will drop. All else being equal, this will lower the price of the company's stock. If enough companies experience declines in their stock prices, the whole market, or the indexes (like the Dow Jones Industrial Average or the S&P 500) that many people equate with the market, will go down".(Mueller, 2006)

2.1.11 The Importance of Financial Statements/Accounting Information in the Evaluation of Stocks

Financial statements are the financial reports which are used to summarize the outcomes of business events (Reeve & Warren, 2008). Financial statements are necessary to assess the liquidity, solvency and financial flexibility of a company and to evaluate the past and future performances of the company Kieso, Weygant& Warfield (2007)

Managers, stockholders, bondholders, security analysts, suppliers, lending institutions, employees, labour unions, regulatory authorities, government and the general public evaluate financial statements to improve their decisions according to their area of interest(Gibson, 2009), The financial statements of any corporation include income statement, the balance sheet, and the statement of cash flows. Income statement periodically summarizes revenues, expenses, gains and losses, and is concluded with the net income. But, balance sheet shows the financial condition of an accounting entity on a particular date. Malhotra&Malhotra (2008) has defined financial statements as a summary of the operating, financing and investment activities of a firm for a time period. Financial statement analysis helps decision makers in order to learn a company's health and competitiveness. Management should evaluate firm specific strengths and opportunities in order to obtain advantage and weaknesses to take necessary steps.

Financial statement analysis generally considers financial ratios by evaluating income statement, balance sheet and statement of cash flows. Ratio analysis is used to compare the strengths and weaknesses of a company with the other firms in the industry, leading firms and the previous year results of the same firm. Through benchmarking the firm's financial results against its own competitors or industry averages, the company can determine the relative strengths and weaknesses of the firm and prepare future plans. Therefore, investors and creditors can understand better the relative position of a firm within the industry and make investment/lending decisions by considering the economic factors instead of depending on officer's intuition (Malhotra&Malhotra, 2008).

Ratio analysis from financial statement is commonly used as analytical tool to evaluate a firm's performance. Their interpretation could however cause problems particularly when two or more ratios give contradictory signals. Hence, Malhotra&Malhotra, (2008) posit the subjective evaluation of ratio analysis as being necessary, because an analyst must pick and choose ratios properly to judge the overall firm performance. Consequently, Al-Tamimi, Alwan& Abdel(2011) chose earning per share, dividend per share, book values, and other company performance

related factors as the internal factors in his study. The study however preferred among others as the most important internal factors are known to be earning per share (EPS) and dividend per share (DPS).

Novak (2010) assert that accounting information is useful for determining a company's value as it relates to a cross sectional variation corresponding with the cross sectional variation in stock prices or stock returns. The American Accounting Association (1966) sees accounting information as used in accounting literature to be "For information to meet the standard of relevance, it must bear on or be usefully associated with the action it is designed to facilitate or the result desired to produce. This requires that either the information or the act of the communicating exert effect on the designated action". Relevance in this vein therefore implies the ability of the information to effect decisions of both potential and existing investors whether by changing or confirming their expectations about the result or consequences of actions or events.

Barth (2001) asserts that, for value relevant financial information to exist, accounting numbers should be related to current company value. If there is no association between accounting numbers and company value, accounting information cannot be termed value relevant and, hence, financial reports are unable to fulfil one of their primary objectives.

2.2 THEORETICAL FRAMEWORK

This study will therefore anchor on stock prices behaviour theory; this is because of its relevance in examining the share price and its determinants.

2.2.1 **Stock Prices Behaviour Theory**

Stock price behaviour theory describes how stock price react to both financial and non financial factors and there are four schools of thought on stock market returns behaviour theory. He listed these four as: fundamentalist school, the technical school, random walk hypothesis and the behavioural school of finance and macroeconomic hypothesis school (Ossisanwo&Atanda, 2012),.

i. **The Fundamentalist School:** The school of thought assert that the value of a corporation's stock is determined by expectations regarding future earnings and by the rate those earnings are discounted. The fundamentalist apply present value principles to the valuation of stock. They use dividend, earnings, assets and interest rate.

ii. **The Technical School:** This school differ in their opinion from the fundamentalist. They claim that share market prices can be predicted by the use of financial or economic data. They argue that share price movement follow definite pattern and each stock price is effectd by preceding prices and that the successive prices depend on each other. According to Smith (1990) in Ossisanwo&Attanda (2012), technical analyst engages themselves in studying changes in market prices, volume of trading and investors attitude.

iii. **The Random-Walk Hypothesis:** This theory is based on efficient market assumption that investors adjust security prices rapidly to reflect the effect of new information. They argue that stock prices are essentially random and therefore there is no choice for profitable speculation in the stock market. Scholars like Moore (1962), Fama (1965) & Godwin (2010) tested the statistical randomness of successive changes in stock prices. Moore (1962) and Fama (1965) concluded based on their study that randomness was insignificant and inconclusive while Godwin (2010) showed that capital market is efficient in weak form thus following a random process.

iv. **The Behavioural School:** This school of thought holds that market might fail to reflect economic fundamentals under three conditions. When all three apply, the theory predicts that pricing biases in financial markets can be both significant and persistent. The first behavioural condition is irrational behaviour. It holds that investors behave irrationally when they don't correctly possess and process all the available information while forming their expectation of a company's future performance.

The second is the systematic pattern of behaviour, which holds that even when individual investors decided to buy or sell without consulting economic fundamentals, the impact on share prices would be limited. Lastly, limits to arbitrage in financial markets asserts that when investors assume that a company's recent strong performance alone is an indication of future performance; they may start bidding for shares and drive up the price.

This study therefore premise more specifically on the Technical and fundamental school as it tend to bring to bare how both financial and non-financial factors affect market share prices of the Nigerian Banks listed in the Nigerian Stock Exchange.

2.3 EMPIRICAL REVIEW

2.3.1 Review on The Relationship Between Share Price and Internal Performance Indicators

Balkrishan (1984) analysed the interrelationship in the explanatory variables, such as dividend per share, earning per share, book value, dividend yield and cover with market price of share. A linear regression model was used to study the inter-relationship of these variables in general engineering and cotton textile industries. Net book value per share and dividend per share turned out to be the most significant determinants of market price in both industries. However, Baskin's (1989) had a contrary result based on the US data where dividend yield is not correlated to share price volatility. The contradiction could be because of the different economic and business environments of the two countries.

Another study was conducted by Kumar &Hundal (1986) investigated the determinants of share prices. It was aimed to examine the role of dividend per share, net sales per share, retention ratio, earning per share, growth in assets, and net worth on share prices of companies. Determining the Impact of Dividends, Earnings, Invested Capital and Retained Earnings. Linear regression model was applied for analysis. Findings indicated that stock prices possess a positive and significant relationship with earnings per share, dividend per share, retention ratio, and growth in assets. However, the dividends per share and earnings per share tend to have a stronger effect on stock prices as compared to other variables under study. Also leverage was found to affect stock prices in adverse direction. Also, a study carried out by

In a study by Allen &Rachim (1996) found that there is positive relationship between share price volatility and earnings volatility and leverage in the Australian listed companies during 1972 to 1985. In the work of Jermakowicz&Gornik-Tomaszewski (1998), they studied the association between accounting earnings and stock market returns in the emerging stock market of Poland. They also found a significant association between accounting earnings and stock market returns.

Similarly, Tsoukalas&Sil (1999) investigated the impact of dividend/price ratio and dividend growth on the share prices movements of UK stock market from January 1995 to December 1996. The result showed that dividend/price ratio predicts real stock returns for the UK stock market, and that there was a strong relationship between real stock returns and dividend yields.

Kothari (2001) underlined posits that the relationship between capital markets and financial statements has its origin in the publication of Ball & Brown (1968) where they first examined the

relationship between earnings and stock prices. Since then many other publications have contributed to the field demonstrating a positive relationship between earnings and stock returns (Beaver, 1968; Easton &Zmijewski, 1989; Easton & Harris, 1991; Easton, Harris &Ohlson, 1992; Ohlson 1991; Ball, Kothari & Watts, 1993) for the US market. In the light of the previous studies a large amount of relevant research reported evidence for this relationship for the international markets.

Also, Malhotra&Prakash (2001) examined the market price determinants of 'A' group and 'B' group shares of Indian stock market during 1989-90 to 1998-99, using correlation analysis and regression analysis. The study showed that price behaviour of 'B' group share is determined mainly by book value per share, earning per share, dividend per share, P/E ratio and market price to book value ratio.

Demir (2001) evaluated financial leverage ratio, profitability ratio, return on assets, dividend payout ratio, price to earnings ratio, market value-book value ratio, turnover ratio, earnings per share, net profit growth rate, and the rate of increase in equity as the companies' internal (microeconomic)factors in his study by considering the data between 1999 and 2000. His result showed that financial leverage ratio, profitability ratio, dividend payout ratio, price to earnings ratio, market value-book value ratio, turnover ratio, earnings per share and net profit growth rate are found to be effective on stock value. He also notes that the most influential factor was market value-book value ratio. This was followed by earnings per share, price to earnings ratio and profitability ratio in orderly.

In the work of Jindrichovska (2001), he posit a statistically significant relationship between returns and accounting data for the developed Czech stock market, supporting the evidence from previous studies such as Kothari & Zimmerman (1995) that stock prices lead earnings. In a similar study, Jarmalaite (2002) examined the relationship between accounting numbers and returns in the Baltic stock markets. The stock markets of three countries were investigated: Lithuania, Latvia, and Estonia. Evidence from this study suggested that the association between returns and earnings differs substantially among the three countries. Estonia shows the highest value relevance while Lithuania shows the lowest. The association in Latvia seems to be very similar to Estonia but it has high standard errors making the results less acceptable.

Zhu (2003) examined stock market and volume of current capital stock, and discovered a significant positive relationship between stock price and EPS. Similarly, Hadi (2004) looked at the importance of accounting information to investors in the banking sector in the Kuwaiti Stock

Exchange. This study test the information content of accounting data in Kuwaiti banks on investors in the stock market. Financial ratios are used in this research and also, regression analysis is used to solve the problems that rise in this research. The ratios are Return on Assets (ROA), Net Interest (NIM), Earning Assets Ratio (EAR), Loss Ratio (LR). The research results indicate that accounting information is very useful to investors in Kuwaiti banks, and most of the ratios are significant. On other hand, the remaining ratios that return on total assets, net interest margin, earning, are important for the investor in the security market.

Irfan&Nishat (2002) posited an explanation on price changes as due to the six fundamental variables (dividend yield, payout ratio, size of the firm, leverage, earnings volatility and asset growth) during the period1981-2000 in Pakistan. They have used simple regression model to observe the price changes. The empirical findings revealed that prime key fundamental factors had no significant effect on the share price deviation in Pakistan. Besides, a related study by Sen& Ray (2003), investigated key determinants of stock price in India. They based the study upon the stocks compromising the BSE index over a period 1988-2000. The empirical study revealed dividend payout was an important factor affecting stock prices. Also, the study revealed that earning per share has a very weak impact on the share prices. The study explored one of the crucial factor dividend pay-out ratios having impact on Indian stock price.

In a related study, Hartono (2004) investigated the impact of dividend and earnings on stock prices and found significant positive impact on equity prices if positive earnings information occurs after negative dividend information. Also, a significantly negative impact occurs in equity pricing if positive dividend information is followed by negative earning information. Conclusively therefore, the study posit that share price movement is a function of information. In a similar study, Al-Deehani (2005) examined the determinants of share price for companies listed on the Kuwait stock exchange. The empirical findings showed that variables such as earnings per share, cash dividends per share, previous cash dividends per share, return one equity price to book value ratio, previous cash flow per share and cash flow per share are all highly correlated with the share price.

In another related study, Dongwei (2003), found that the stock price reactions to change in earning per share in the Chinese Stock Markets. The study found that domestic A-share investors on average do not correctly anticipate the EPS change and do not adjust very rapidly to the new earnings information in the markets. Abnormal return could be generated by trading on the

earnings after they are released. However, international investors can predict changes in EPS better than domestic investors and there is little or no abnormal announcement day effects observed in the B share market in China. Further this study reveals that firms with disappointing EPS (group) will experience unfavourable downward pressure on their prices on days before the actual earnings announcements occur. Firms with strong EPS will enjoy upwards pressure on the prices in the days before the announcements to the market.

In a study by Myers & Frank (2004) conducted using the data of 483 firms from Multex Investor Database concluded that there is a positive relationship between the price Earnings Ratio and Dividend Payout Ratio. The results also showed a significant positive relation between Debt to Equity Ratio and Dividend Payout.

Theriou, Maditinos, Chatzoglou & Aggelides (2005) provided evidence on the role of size and B/M ratio on average stock returns in the ASE for the period 1993-2001. They reported a statistically significant positive relationship between size and average stock returns.
Kousenidis (2005) examined the association between stock returns and accounting earnings for a sample of Greek firms listed on the ASE over the period from 01/1992 to 12/1999. In particular, he expanded on the Easton & Harris (1991) model and tested whether deflated earnings and deflated changes in earnings contain information for contemporaneous stock returns. Moreover, he tested the hypothesis that the addition of further explanatory variables in the model, which account for size and for life-cycle stages, improves the information content of earnings for stock returns. He proved that (a) the explanatory power of earnings for contemporaneous stock returns is very poor, and (b) improved information content is reported when the regressions are adjusted to account for size, supporting the hypothesis that firm-size is a strong factor in explaining the returns/earnings relation. However, the results are unable to sustain the hypothesis that the information content of earnings for stock returns differentiates according to the stage of the firm's life-cycle.

Docking & Koch (2005) assessed investor's reaction to dividend increase or decrease and find out that dividend change announcements bring out a greater change in stock prices if the news are against the recent market direction during volatile times. First, with slight statistical significance, announcing to raise dividends brings a greater increase in stock price if market returns have been normal or downward and more volatile. Second, announcing to lower dividends shows a significantly greater decrease in stock price when market returns have been upward and more volatile.

In a related study, Beccalli, Casu&Girardone (2006) studied the relationship between cost efficiency and share price performance of selected European Banks. They found that changes in operating efficiency resulted in changes in stock prices. They also found that share price performance of cost efficient banks was significantly better than their inefficient peers.
In their study, Canbas, Kandir & Erismis (2007) examined the relationship between the firm characteristics and stock returns between July 1992 and June 2005 including all nonfinancial ISE firms. They determine firm size, book-to-market ratio, book leverage, market leverage and earnings-to-price ratio as firm characteristics. They observed that common stocks of small ISE firms have higher monthly returns than the common stocks of large firms. They also find that high book-to-market firms seem to have a higher return than the low book-to-market firms. Moreover, high-leverage firms' stocks appeared to have a higher return than low-leverage firms' stocks. Contrarily to the literature, the portfolio with the lowest earnings-to-price ratio provided the highest rate of return.

Malhotra&Malhotra (2008) investigated days-sales-outstanding ratio, days cost of goods sold in inventory and total debt/equity ratio as input variables and cash flow per share, return on equity, return on assets, return on invested capital, inventory turnover, asset turnover, current ratio, quick ratio and interest-rate coverage as output variables in their DEA analysis. They achieve the relative efficiency scores for the 12 firms (six were efficient and the others were relatively inefficient). In a related study, Savin, Weller & Zvingelis (2007) created a modification using the pattern recognition algorithm of Lo, & Wang (2000) to investigate whether ''head-and-shoulders'' (HS) price patterns effect future stock returns on the data from the S&P 500 and the Russell (2000) between 1990 and 1999. They researchers observed a fair support for the profitability of a stand-alone trading strategy. But, they strongly identify that the pattern had power to assume excess returns. Through the combination of the strategy with the market portfolio, a significant increase in excess return for a fixed level of risk exposure can be obtained.

In a different study by Abu (2008), he examined the impact of returns and risks on the share prices for a sample of 38 industrial public companies in Jordan listed on Amman Security Exchange for the period of 2000 to 2007. The results of the study showed that there is no effect for the returns, risks and dividends on the market value per share. However, the results indicated that there is a significant relationship between cash flow and share prices.

Rashid &AnisurRahman (2008) in their study showed a positive but insignificant relationship between share price volatility and dividend yield for 104 nonfinancial firms listed in the Dhaka Stock exchange during the period of 1999 – 2006. Only payout ratio and size are negative and significantly related to share price volatility. In a similar study, Hashemijoo, Mohammad, Aref Mahdavi& Nejat (2012) investigated the relationship between share price volatility and dividend policy in the Malaysian stock market. The result posits a significant negative relationship between share price volatility with two main measurements of dividend policy which are dividend yield and dividend payout. Moreover, a significant negative relationship between share price volatility and size is found. Based on findings it was concluded that, dividend yield and size have most impact on share price volatility amongst predictor variables.

Musa (2009) examined whether current earnings, previous dividend, cash flow, investment and net current assets have significant aggregate as well as separate impact on the dividend policy of firms quoted on the Nigerian Stock Exchange. He used the five- variable parsimonious dividend policy model developed by Musa (2005). The study concluded that earnings, previous dividend and cash flow all have significant positive impact on the dividend policy of the quoted firms in Nigeria. The conclusion from the study further corroborated the works of Oyejide (1976), Izedonmi&Eriki (1996) and Adelegan (2000).

Fisher, (2009) determined the relationship between British share prices and different quantitative variables. It showed the impact of dividends, undistributed profits, and company size on share prices taken from five cross sectional samples of equities quoted on the London Stock Exchange between 1949 and 1957. Khan (2009) on the impact of dividends and retained earnings on share prices of companies listed on Dhaka Stock Exchange of Bangladesh. The study was based data of 96 listed companies for a period of seven years from 2000 to 2006. The outcomes of the study indicated that dividends tend to effect market prices more strongly as compared to retained earnings. However, results cannot be generalized as there have been variations for different sectors.

Bollerslev, Tauchen & Zhou (2009) gave a forecast of excess returns on different sets of lagged predictor variables. This result was based on simple linear regressions of the S&P 500 data relying on monthly observations. Their findings empirically provide that stock market returns were predictable by the difference between “model-free” implied and realized variances or the variance risk premium. The study suggested that predict ability degree is the highest at intermediate quarterly horizons, but the premium could explain the observed return variation at both monthly and longer annual horizons.

Somoye, Akintoye & Oseni (2009) examined the factors influencing equity prices in the Nigerian stock market for the period 2005-2007. They employed simple linear regression model to examine the impact of earning per share, GDP, interest rate, dividend per share and oil price on equity price. The results showed the variable dividend per share, earning per share and GDP exerts a positive correlation to stock prices but are not significant determinants of share price

In a study by Campbell, Polk, & Vuolteenaho (2010), the economic origins of systematic risks for value and growth stocks were investigated. They firstly test systematic risk pattern by considering the finding of Campbell &Vuolteenaho (2004) that value stocks' returns were mainly sensitive to permanent movements of aggregate stock prices but growth stocks' returns were mostly sensitive to temporary movements of aggregate stock prices. They attempt to discover whether these patterns are effectd by the behaviour of value and growth firms' cash flows, or the discount rates that investors apply to these cash flows.

In a study by Ramli (2010), on the relationship between share price and dividend yield and growth, found that there is positive but insignificant relationship between share price volatility and dividend yield for 104 nonfinancial firms listed in the Dhaka Stock exchange during the period of 1999 – 2006 Similarly, debt and growth also show positive and insignificant relationship with share price volatility. Only payout ratio and size are negative and significantly related to share price volatility. The author found that share price reaction to the earnings announcement in Bangladesh is different from other developed countries. Since Bangladesh has inefficient capital market, the effect of share price risk through dividend still unclear. Thus, the managers may not make decision and choose dividend policy to effect their stock's risk.

An investigation of the determinants of market stock price movements of Jordanian commercial bank of Amman stock exchange for the period 2005-2008 was conducted by Al-Shubiri (2010). The study made use of simple and multiple regression analysis to investigate the determinants of market stock price. The findings of the study indicate a highly positive and significant relationship between market price of stock and net asset value per share. In support of this findings Malhotra&Prakash (2001) examined the market price determinants of 'A' group and 'B' group shares of Indian stock market during 1989-90 to 1998-99 The study adopts correlation analysis and regression analysis. The study concluded that the price behaviour of 'B' group share is determined mainly by net book value per share.

Raza (2010) investigated the Impact of Financial Performance of the Company on its Share Price at the Pakistan Stock Exchange. In this study the regression analysis was used to measure market reactions to accounting variables. Return on assets, Dividend Cover Ratio, Current Ratio, Earning per Share, and Return on Equity and Cash Flow Ratio were used as explanatory variables and stock price as the depended variable. Descriptive statics show that the fuel & energy sector is earning the maximum and lowest return are with paper and board while the correlation matrix shows a weak to strong but positive relationship of the share price and other financial ratios ranging from -0.020 with Cash flow ratio to 0.679 with EPS. The co-efficient of determination R-square, shows that all independent variable are responsible for overall change of 22.9% in the dependent variable and with respect to the chemical industry, the textile sector has 32.5%, sugar has 22.9% and cement sector 61%. The empirical result of the regression analysis shows that all independent variable explain changes independent by 50.9%. Therefore it shows that the accounting variables create an impact and change in the share price in the Pakistan Stock Exchange.

Irmala, Sanju&Ramachandran (2011) focused on identifying the determinants of share prices in the Indian market. The study used panel data pertaining to three sectors viz., auto, healthcare, and public sector undertakings over the period 2000-2009 and employed the fully modified ordinary least squares method. The results indicated that the variables dividend, price-earnings ratio and leverage are significant determinants of share prices for all the sectors under consideration. Moreover, profitability is found to effect share prices only in the case of auto sector.

Al-Tamimi, Alwan & Abdel (2011) posited a preference for earning per share, dividend per share, book values, and other company performance related factors as the internal factors in his study. The most important internal factors are known to be earning per share (EPS) and dividend per share (DPS). In the work of Hartono (2004), he examined the effect of a sequence of positive and negative dividend and earning information on stock prices from 1979 to 1993 on the data which was collected from Centre for Research in Security Prices (CRSP) tapes in the US. He found out that the positive recent earning information is significantly related with stock prices when it follows negative dividend information, and the negative recent earning information is significantly related with stock prices when it follows positive dividend information. According to his study, there is a short-term reaction of stock prices on the earnings and dividend information and no long-run dynamic relation.

Sharma (2011) undertook to examine the empirical relationship between equity share prices and the explanatory variables; Book Value Per (BVP) share, Dividend Per Share (DPS), Earnings Per Share (EPS), price earnings ratio, dividend yield, dividend payout, size in terms of sale and net worth for the period 1993 to 1994 and 2008 to 2009 in India. Using correlation and a linear multiple regression model the results revealed that EPS, DPS and BVP had significant impact on the market price of shares with the former two being the strongest determinants. This was echoed as earlier stated by Nirmala, Sanju, Remachandran (2011) when they conducted a study on the determinants of share prices in India wherein share price was modelled as a function of firm specific variables; dividend, profitability, price-earnings ratio and leverage for the period 2000 to 2009. Following the panel unit root, panel co integration, correlation and OLS tests the results revealed that dividend, price-earnings ratio and leverage are significant determinants of share prices for all sectors under consideration where dividend and price-earnings ratio bear a positive relation to share price while leverage bears a negative relation. Profitability was found to be positively related to share prices in the auto sector alone.

In another study, Kheradyar, Ibrahim & Mat (2011) investigated the relationship between accounting variables and stock return in the Malaysia Stock Exchange. The result of the study showed that financial ratios can predict stock return as the Book to market ratio has higher predictive power than the dividend yield and earning yield. The study further revealed that the financial ratios are able to enhance stock return predictability when ratios are combined in the multiple predictive regression models.

Also, in the works of Kipngetich, Kibet, Guyo&Kipkoskey (2011) investigated determinants of IPO pricing in Kenya. They explored the extent to which investor sentiment, post-IPO ownership retention, firm size, board prestige and age of the firm affect IPO pricing of firms listed at NSE. Secondary data (1st January 1994 to 31st December 2008) was used and analysed using multiple regression analysis and presented using descriptive statistics. Average under-pricing of 49.44 percent was observed in Kenyan IPOs for the period under study and all the variables tested were found not to significantly effect IPO offer price at the 5 percent level of significance. The study concluded that public information disclosed in the prospectus was insignificantly mirrored in IPO offer prices and that rational theory cannot explain the effect of investor sentiment in IPO market in Kenya given that investor sentiment and board prestige were negatively related to IPO offer price. Further research is needed on the role of regulatory authorities, especially as regards disclosure requirements, in protecting potential investors as the publicly available information

provided in the prospectus may not reflect all pertinent facts to inform sound investment decisions.

According to Hussainey, Mgbame & Chijoke-Mgbame (2011) company with higher payout ratio or dividend yield will result in less volatile stock price. Dividend payout ratio is the main determinant of the volatility of stock price. The larger the size of the company, stock price will be less volatile. While, if company incurs high leverage, there is higher probability that stock price be more volatile.

Srinivasan (2012) examined the fundamental determinants of share price in India. He employed panel data consisting of annual time series data over the period 2006-2011 and cross-section data pertaining to 6 major sectors of the Indian economy, namely, Heavy and Manufacturing, Pharmaceutical, Energy, IT and ITES, Infrastructure and Banking. The panel data techniques, viz. Fixed Effects model and Random Effects model have been employed to investigate the objective. The study revealed empirically that, the dividend per share has a negative and significant impact on the share price of manufacturing, pharmaceutical, energy and infrastructure sectors. The results were consistent with findings of Zahir&Khanna (1982), Malhotra (1987) and Sharma (2011), that dividend has effectd market price of share significantly in negative direction. The evidences show that earning per share and price-earnings ratio are being the crucial determinants of share prices of manufacturing, pharmaceutical sector, energy, infrastructure and commercial banking sectors. The findings indicate that size is being a significant factor in determining the share prices of all sectors under consideration except manufacturing.

Serife & Ugur (2012) investigated the internal determinants of the stock price movement on sector basis. Financial ratios such as; total assets turnover ratio, dept ratio, current ratio, net profit margin, price to earnings ratio and book value were chosen in accordance with the related literature. Results indicated that book value is the most important internal factor in explaining stock price movements for all sectors. Stock movements for electric and metal main sub sectors were observed to be highly dependent on the financial position of the companies whereas stock price movements of the companies in commerce sub-sector were defined by mostly external factors rather than internal factors.

In another study, Menaje (2012) studied the impact of variables such as Earnings per Share, Cash Flows per Share, Cash Dividend per Share, Inflation Rate and the 3-month T-bill rate on the

share price of 10 publicly listed banks in the Philippines with a multiple regression. He found that only the 3-month Treasury bill had a negative impact on share price. All other variables did not have any significant effect on bank share prices.

In the work of Olowoniyi&Ojenike (2012), they investigated the determinants of stock returns of listed firms in Nigeria. Panel econometric approach was used to analyse panel data (2000 to 2009) obtained from 70 listed firms. The Fixed Effect, Random Effect and Hausman-test based on the difference between fixed and random effects estimators were conducted. Stock return (dependent variable) was measured by dividend layout, expected growth was measured by capital expenditure divided by total assets, size was proxy by logarithm of firms' total assets, profitability was proxy by ratio of earnings before interest, tax and depreciation on total assets, tangibility was measured by total fixed assets divided by net profit after tax while leverage was measured by ratio of book value of total debt to total assets. The findings suggested that with the exception of profitability and tangibility (which were significantly and negatively related to stock return), all the independent variables were positively and significantly related to stock return. The findings of this research implied a need to further assess how tangibility and profitability can be improved upon to raise the level of stock return. This will ensure the correctness of several policies formulated to stabilise the financial base of firms based on either capital structure or stock return.

In a similar work by Majed, Said & Firas (2012); the purpose of the study was to examine the relationship between the ROA, ROE and ROI ratios together and separately with Jordanian insurance public companies share prices during the period (2002-2007). Based on the empirical evidence, the results showed a positive relationship between the ROA, ROE and ROI ratios together with Jordanian insurance public companies share prices. The results also showed a positive but low relationship between each of ROA ratio separately and ROI ratio separately with Jordanian insurance public companies share prices. However, the results showed no relationship between the ROE ratio separately with Jordanian insurance public companies market share prices.

Uwuigbe, Olusegun&Godswill (2012) examined the determinants of share prices in the Nigerian stock exchange market. Using the judgemental sampling technique, a total of 30 companies were selected and data (2006 to 2010) collected from the stock exchange and annual reports of the firms. The paper modelled the effects of financial performance, dividend payout and financial leverage on share price of listed firms by using regression analysis. The study concluded that financial performance and dividend payout had a significant positive relation with share prices

while financial leverage (proxy by debt-equity ratio) had significant negative effect on the market value of share prices in Nigeria. Further studies could be conducted incorporating the independent variables under current analysis as well as having other internal and external variables.

Khan, Gul, Rehman, Razzaq, & Kamran, (2012) explained that accounting variables such as Dividend Yield (DY), Earnings Yield (EY) and Book Value per Share (BVPS) has direct and positive association with the stock return in the Karachi Stock Exchange in Pakistan for the period 2005 to 2011. Further the study found that BVPS has more explanatory power than the EY and DY. While Menaje (2012) revealed a strong positive correlation of EPS with share price and ROA show a weak negative correlation with share price in the Philippines Stock Market. And in a related study,

Placido (2012) aimed at determining whether earnings per share (EPS) and return on assets (ROA) have significant effect on share price of publicly listed firms in the Philippines. The study used the 2009 financial reports of 50 publicly listed firms taken from the OSIRIS electronic database. Result of the Spearman Rank order Correlation disclosed strong positive correlation of EPS with share price. ROA disclosed weak negative correlation with share price. Multiple regression results showed that the chosen model was able to explain 73% of the average change in share price. Also, Al- Shubiri (2010) investigated the relationship of microeconomic factors with the stock price by using Simple and Multiple regression analysis. 14 commercial banks of Amman Stock Exchange, for the period of 2005 -2008, were selected for the study. The study found highly positive significant relationship between market price of stock and net asset value per share; market price of stock dividend percentage, gross domestic product. It also found negative significant relationship on inflation and lending interest rate.

Becker, Lee &Gup (2012) as cited by Ike-Ekweremadu (2014), used unit roots and multiple structural breaks, in attempting to find out if the P/E ratios were really mean reverting. This, as they claimed flows from the fact that some authors have suggested that the price-earnings (P/E) ratio can be used to predict the future movement of stock prices anchoring their argument on mean reversion of P/E ratios. The study found that the P/E ratio is stationary around multiple breaks, which indicates that it will revert in the course of time to some long-run means. This corroborates the research evidence that high P/E ratios relative to current long-run means will result in a gradual increase in stock prices.

Uwuigbe, Olusegun & Godswill (2012) examined the determinants of share prices in the Nigerian stock exchange market. In achieving the objective of the study, a total of 30 listed firms in the Nigerian stock exchange market were selected and analyzed for the study using the judgmental sampling technique. Also, the Nigerian stock exchange fact book and the corporate annual reports for the period 2006-2010 were used for the study. The paper basically modelled the effects of financial performance, dividend payout and financial leverage on the share price of listed firms operating in the Nigerian stock exchange market using the regression analysis method. The study as part of its findings observed that there is a significant positive relationship between firms' financial performance and the market value of share prices of the listed firms in Nigeria. Consequently, the paper concluded that firms'.

Mgbame (2013) investigated the Accounting Information and Stock Volatility in the Nigerian Capital Market. The objective of the study was to ascertain whether accounting information contributes to stock volatility in the Nigerian Capital Market. In achieving the main objective, the specific objectives was to examines if Book value per share, Dividend per share and Earnings per share have a strong effect on stock volatility in Nigeria. The results of the study showed that the release of information on book values, earnings per share and dividend per share is found to be related to stock volatility

Emamgholipour, Pouraghajan, Tabari, Haghparast & Shirsavar (2013) examined the effect of performance evaluation market ration on the stock return of companies listed in the Tehran Stock Exchange from 2006 to 2010. He found that earnings per share have significant and positive effect on stock return and price earnings ratio and market value to book value ratio statistically have significant and negative effect on the stock return of the current year.

Elisa, Jelena& Rickard (2013) discovered that value relevance from the balance sheet measured by the BVPS has increased. However accounting data from the income statement is value relevant measured by the EPS has decreased. The study also reveals that accounting data explains the high proportion of stock price. By considering the stated literature, it is obvious that there are relationships with accounting variables and stock return. However this kind of research is very less in developing the stock exchange and the emerging market, especially in the South Asian Region.

Malhotra&Tandon (2013) examined the factors that effect stock prices in the context of National Stock Exchange (NSE) of 100 companies. A sample of 95 companies was selected for the period 2007-12 and linear regression model was used. The results indicated that firms' book value, earning per share, and price-earnings ratio are having a significant positive association with firm's stock price while dividend yield is having a significant inverse association with the market price of the firm's stock.

Asma, Aamir, Amara &Shahid (2013) However, focused on excogitating the relationship between selected companies 'specific factors and stock prices of companies listed on Karachi Stock Exchange of Pakistan. These include dividend per share, earning per share, capital employed and retained earnings. Estimated Generalized Least Square (EGLS) has been used for analysis of data based on a sample of 99 listed companies for a period of six years from 2006 to 2011. Findings indicate that dividend per share and earnings per share Possess positive and significant relationship with market prices, meaning by an increase in these variables tends to increase stock prices. These findings were consistent with those of the previous researches. However, capital employed and retained earnings are found to have statistically insignificant relationship with stock prices. The study suggested that it could be due to collection of data from different sectors and limited number of data observations for the study. The study captured descriptive analysis as well as panel regression for better and in-depth analysis of selected fundamental variables on stock prices and led to the conclusion that companies should focus on earnings per share and dividend per share to get desired financing and for well-being of economy.

Limento&Djuaeriah (2013) set out to discuss the correlation between Ratio Analysis and macroeconomic indicators with stock price in nine publicly listed transport companies in Indonesia for the period 2005 to 2011. The ratio indicators included Return On Assets (ROA), Return On Equity (ROE), Net Profit Margin (NPM), Debt-Equity Ratio (DER), Total Asset Turnover (TAT), Current Ratio (CR), Price Book Value (PBV) and Earnings Per Share (EPS). Macroeconomic indicators used were inflation, GDP and Risk Free Rate (SBI). The regression result showed that ROA, ROE, NPM, CR, DER, PBV, Inflation, SBI and GDP have insignificant correlation with stock price movement while TAT and EPS have a significant correlation with share price.

Nidhi & Kamini (2013) attempt to determine the factors that effect stock prices in the context of National Stock Exchange (NSE) 100 companies. A sample of 95 companies was selected for the

period 2007-12 and using linear regression model the results indicate that firms' book value, earning per share and price-earnings ratio are having a significant positive association with firm's stock price while dividend yield is having a significant inverse association with the market price of the firm's stock.

Almumani (2014) Used empirical analysis of a set of independent and dependant variables and applying ratio analysis, correlation and linear multiple regression models, attempted to identify the quantitative factors that effect share prices for the listed banks in Amman Stock Exchange over the period 2005-2011. The empirical findings show that, there is a positive correlation between net book value per share (correlation coefficient = 81) and Market Price of equity shares which is also significant at 1% probability level.

Mohammad (2014) discovered a 65.37 percent share price volatility during the period of 1975 to 1990 in Kuala Lumpur market.. With this overwhelm volatility, Malaysia has gone through few phases of difficult times, they include recessions in 1975-76 and 1985-86, crash in October 1987, few share scandals in Pan Electric crisis, the collapse of brokerage houses, Bank Bumiputera and the Hong Kong-based BMF crisis, and the Malaysian Industrial Development Finance Consultancy Services [MIDFCS] crisis. The authors found that 23 percent of the changes in the share prices were jointly affected by dividend yield, payout ratio, debt, assets growth and firm size. The company that faced with higher debt usage or have large asset growth will experience higher price changes.

Mohammad (2014b) attempted to identify the quantitative factors that effect share prices for the listed banks in Amman Stock Exchange over the period 2005-2011 using empirical analysis of a set of independent and dependant variables. The ratio analysis, Correlation and a linear multiple regression models were selected to measure the individual as well as combined effects of explanatory variables on the dependant variables. The empirical findings showed that, there is a positive correlation between the independent variables DPS (correlation coefficient =.51), EPS (correlation coefficient =.84) BV (correlation coefficient =.81), PE (correlation coefficient =.81) and S (correlation coefficient =.57) and dependant variable MP and it is also significant at 1% probability level. However, further empirical findings that, there is a significant positive relationship between EPS and the MP of the listed banks in Jordan. This is evident in the t-statistics value of 2.29 and a P>|t| = (.03). Moreover, there was a significant relationship between banks BV and MP. This is evident in the t-statistics value of (2.110 and the P>|t| =.04). Another empirical finding from the regression analysis shows a positive relationship between P/E and

MP. This is evident in the t-statistics value of (5.90 and the P>|t| =.00). Empirical findings from the regression analysis on the relationship between S and MP indicate that there is an inverse relationship between S and MP. This is however evident in the t-statistics value of (-2.28 and P>|t| =.03).Finally, other variables (DPS and DP) have insignificant impact on MP.

A comparison was made between the impact of fundamental factors on stock prices of Bangladesh Stock Exchange 200 companies in normal period and recession period by Sukhija (2014). A sample of eighty companies was selected for the purpose of the study which employed fixed Effect and Random Effects model in its analysis. The empirical results reveal that Earning per share has positive and significant impact on the Share price at five percent level in the normal period while price Earnings Ratio has positive and significant impact on shard price at five percent level during recession period.

Effect of Information Release on Share Price Movement

Niarchos&Georgakopoulos (1986) posit that the prices in the Athen's Stock Exchange (ASE) respond very slowly to new information and concluded that the Greek stock market is not efficient. The overall results of the value relevance literature suggest that accounting-based information can potentially affect stock prices. The empirical literature also claims that earnings generally dominate most other measures in explaining stock returns. However, recent literature such as (Stewart, 1991; 1999; Stern, Stewart & Chew, 1995; Rappaport, 1981; 1986; 1998; Grant, 2003; Abate, Grant & Stewart, 2004) suggested that earnings should not be relied upon, since they have little direct relationship to wealth creation. Thus, research into information content of other variables such as cash flows, has increased largely for two reasons: the apparent Kousenidis, Negakis&Floropoulos (2000), examined the size and B/M factors in the relationship between average stock returns and the average book returns for the ASE. They provided evidence suggesting that ROI is associated to stock returns especially when portfolios are formed based on B/M ratio.

Bajaj &Vijh (1995) investigated the impact of dividend announcement on the volatility of share prices of companies on NYSE. Analysis was carried out on daily data by taking the companies closing prices for the period from 1962 to 1987. They found that dividend announcements have a significant but negative impact on share prices of companies

In another study, Chen & Su (2001) provided an empirical examination of whether domestic investors in the Chinese stock market perceive accounting information based on Chinese GAAP to be value relevant. Using data from the Chinese Stock Exchanges from 1991 to 1998, and based on return and a price model, they provided evidence that accounting information is of value relevance according to both the pooled cross-section and time series regressions or year-by-year regressions.

Abu (2003) examined the role of published accounting Information in predicting share prices. The study used a sample of 40 Jordanian public companies listed in Amman Security Exchange for the year 2003. The results showed that there is a positive significant positive relationship between the market price per share with the ratios of net profits to equity, net profits to total assets, and dividends to net profits as a total. The results showed also a significant negative relationship between the market price per share, with the ratios of fixed assets to total assets, the creditors total to total of cash sources, and the wages ratio to total of expenses ratio.

Chen & Zhang (2003) work was a total reliance on prior studies that were focused on earnings (earnings levels and earnings change) to explain returns and developed a theoretical model to explain how balance sheet information can be introduced into a return model to supplement earnings information. They modelled earnings as a product of two underlying factors, capital base and profitability and showed that returns are more appropriately viewed as a function of profitability change and capital base change (capital investment), rather than a function of earnings change. Using a sample for the period 1966 to 2001, they found results consistent with their proposed theoretical model. Their main finding was that capital investment is an additionally important variable in explaining returns beyond earnings levels and profitability change (or earning change) and leads to a significant improvement of the model's explanatory power.

In another study AL-Qudah (2004) tested the role of accounting exposure in indicating the real market price. The sample was consisted of (35) public companies listed in Amman's Stock Exchange, and (23) licensed financial traders, and (27) investors at Amman's Security Exchange. The results informed that the revealed financial data of the public firms are sufficient and appropriate in showing the real share values. The results also informed that all the study sample categories depend on different mechanisms in their investing decisions through collecting financial and economic information.

Also,AL-Kurdi, (2005) explored the ability of the published accounting Information to predict share prices for a representative sample of 110 Jordanian public companies listed in Amman Security Exchange for the period of 1994 to 2004. The results informed that there is a relationship between the published accounting Information of the insurance public companies and their share. The results also informed that market information have more ability on predicting share prices compared to the accounting information.

Lee (2006) in his research used two types of index data: annual Dow Jones industrial average (DJIA) index data between 1920 and 1999 and annual Standard and Poor's (S&P) 400 industrial index data between 1946 and 1999. The findings imply that investors overreacted to non-fundamental information. On the other hand, at first they under reacted to fundamental information (dividend, book value and earning) without significant reversal related with fundamental information in long term. It is also suggested by the findings that the residual income model gives a better valuation than the dividend discount model.

In a study conducted by Muhammad (2010), he tests the semi-strong form of market efficiency by investigating the reaction of stock prices to dividend announcements in Pakistan. His study analyzed cash, stock, and simultaneous cash and stock dividend announcements of 79 companies listed on the Karachi Stock Exchange from July 2004 to June 2007; and evaluated abnormal returns from the market model for statistical significance using the t-test and Wilcoxon Signed Rank Test. The findings from his study suggested negligible abnormal returns for cash dividend announcements, which inferred that the reaction of stock prices to cash dividend announcements in Pakistan is statistically insignificant. His findings were consistent with that of Baskin (1989); but added more substance to the findings of Ball, Brown, Finn and Officer (1979).

In a similar study, Waweru (2010) sought to establish if there exists a relationship between stock prices and news of an IPO at NSE. Secondary data (2004 to 2009) was obtained and analysed using the Comparison Period Return Approach (CPRA). The mean portfolio daily return was calculated for the IPO within the window period. The study found that issuing of IPOs at NSE had both positive and negative effects on daily mean returns. Negative effects (declining mean daily returns) were on the days nearing the IPOs events which were the result of buyer and seller expectation in the market so as to capitalise on the new issue while positive effects (normalcy is restored) were in the days after the IPOs event which were the result of buyer-seller initiated trading.

Perera & Thrikawala (2010) conducted an empirical study of the Relevance of Accounting Information on Investor's Decisions based on the Colombo Stock Exchange, Sri Lanka. The relevance of accounting data was measured by correlation coefficient with Market Price per Share (MPS) and selected accounting information such as Earning per Share (EPS), Return on Equity (ROE) and Earning Yield (EY). The findings showed that there is a relationship between Accounting Information and Market Price per Share. Therefore it is also evidence of the relationship between accounting variables and stock return.

Akbar &Baig (2010) in their study took samples of 79 companies listed at Karachi Stock Exchange covering a period of 2004 to2007 with the aim of studying the effect of dividend announcement on stock prices. The Results of their study show that announcement of dividends; either Cash Dividend or Stock Dividend or both have positive effect on Stock Prices. This result was also in consonant with the findings of authors like John & Williams (1985), Asquith & Mullins (1986), Richardson, Sefcik, & Thompson (1986), Ambarish, Williams, & John (1987) and Liaonly (2009) also found the positive association between dividends and stock market prices while Baskin (1989) found an inverse relationship between dividends and stock market prices.

In a similar study, Seetharaman & Raj (2011) studied the impact of Earnings per share (EPS) and earnings announcements on the share price performance of a Malaysian bank. They found a very strong positive correlation between the Bank's EPS and share price. They also found earnings announcements had a significant impact on the share price performance of the bank. However, in the study by Ali &Chowdhury (2010) as cited in the work of Abu (2008), no significant responses was found in the share prices of 25 listed Private Commercial Banks (PCBs) in Bangladesh to dividend announcements

In another study, Labidi&Triki (2011) sought to find out if there were anomalous patterns, namely under-pricing and long-run under-performance, in the stock price behaviour of companies that go public in the Middle East and North Africa (MENA) region and the impact of investors' optimism and divergence of opinions on IPO under-pricing and long-term under-performance. Data was collected (1st January 2000 to 30th June 2010) for 159 companies in 10 countries and Ordinary Least Squares (OLS) method was used to estimate linear regressions where the dependent variables were IPO initial return (also referred to as under-pricing) and IPO 1-year excess return measuring the post-IPO stock price performance. The explanatory variables

included size, age and percentage of shares offered as well as proxies of investors' optimism (over-subscription and pre-IPO market return) and divergence of opinion (excess early market return volatility). The study found out that initial IPO returns were highly related to over-subscription levels and listing lags hence contradicting the idea of voluntary under-pricing. Also, IPOs with higher early market return volatility had significant lower long-term performance one year after issuance hence supporting the idea that investors' divergence in opinions represented a plausible explanation for long-term under-performance in MENA region. Another important implication of this research was the answer it provided to the widely discussed questions of 'who leaves money on the table?' and 'why do issuers accept to leave money on the table?'

Mahmoudi, Shirkavand&Salari (2011) studied the reactions of investors to the announcement of earnings in the Tehran Stock Exchange in Iran. They investigated the overreaction and under reaction of investors towards positive and negative earnings announcement dividing the sample into two groups. The first group contains firms which increased their EPS more than 5% rather than the previous EPS announcements while Group two contains firms which decreased their EPS more than 5% in comparison to the latest announcements. The results indicate that there is a statistically significant market reaction on the EPS announcement day. Earnings increases induce a significant positive stock price reaction, whereas earning decreases bring about a significant negative stock price reaction.

Ghayoumi, Nayeri, Ansari &Raeesi (2011) used earnings per share and the annual change of earnings per share as the income statement indices, and book value of equity per share as the balance sheet index. The results indicated that income statement information has more value-relevance than balance sheet information. Furthermore, positive vs. negative earnings and firm size seems to have significant impact on value relevance of accounting information. Thus explaining that the value relevance of accounting information to domestic investors in the Tehran Stock Exchange from 1999 to 2006.

In a related study, Hejaz, Jafari&Heidarpoor (2011) examined the information content of the accounting variables in companies in the Tehran Stock Exchange. This study looked at the relationship between stock return and accounting variables in the production companies in the Tehran Stock Exchange from 2000 to 2004. The independent variables of the study were Net Income (NI), Operating Profit (OP) and Cash Flow for Operations (CFO) and dependent variable is the annual stock return. They examined the effect of company size as the control variable and

the results show that OP has related information content in comparison to other variables and NI and OP have incremental content beyond each other but the CFO doesn't have incremental content. In other words, Iranian investors pay attention to OP in comparison to the CFO and NI.

In a different study, Ataollah, Wan & Veeri (2013) examined the effect of disclosure of non-financial performance indicators on institutional investors' stock price estimates in Iran in an experimental setting. In the study, the design included two factors each used in two levels (2+1). Variables were manipulated including disclosure of non-financial performance indicators in the two levels (positive and negative) and assurance service on this type of information in two levels (providing or not providing assurance) + control should be of interest to management, analysis and financial analysts, regulator standards, business, professional accounting, auditing and important investors because it provide valuable evidence about indicators to provide non-financial performance for the financial markets. Second, it can provide more information to investors and other foreign users in decision-makings about selling or buying of company's shares. The main contribution of the study was to help to develop understanding and insight of investors regarding non-financial performance related to decision making and evaluation of future company financial activity.

In a related study, Wang, Fu &Luo (2013) investigated the share price reactions to the accounting information in the Chinese Stock Exchange for the period of one year in 2011. This study analyzes the relationship between accounting information and the stock price with a few accounting information indexes. The author used EPS and ROE to explain the stock price reactions to accounting information. The study reveals that a positive relationship exists between accounting information and stock price, but the significant degree varies; earnings per share and return on equity have the most significant correlation.

Mgbame&Ohiorenuan (2013), aimed to ascertain if accounting information contributes to stock volatility in the Nigerian Capital Market. Specifically, the study examined if Book value per share, Dividend per share and Earnings per share have a sign effect on stock volatility in Nigeria. To capture stock returns volatility clustering, leptokurtosis and leverage effects on the share price series, the Garch models were used. Specifically, the GARCK (1, 1), TGARCH (1, 1) and EGARCH (1, 1) were utilized. Using the simple random sampling technique, a sample size of 10 quoted companies was selected using the simple random sampling technique for the period 2000-2010 and this gives a total of 100 company years/data points. Secondary data retrieved from the financial statements of the sampled companies were employed for the study. E-views 7.0 was

utilized for data estimation. Findings reveal that there are enough evidences to reject the assumptions of conditional normality in stock prices data series and accept the existence of stock volatility in Nigerian stock market. In addition, an evaluation of the three models shows that BVS as a determinant of stock volatility appeared to be significant in the TGARCH (1, 1) and EGARCH (1,1). Also EPS appeared to be significant in the TGARCH (1, 1) and EGARCH-1(1,1) while DPS as a determinant of stock volatility appeared to be significant in GARCH (1,1). TGARCH (1,1) and EGARCH (1,1) respectively. The study concluded that accounting information effects stock volatility and as such the regulation of disclosures may be an area for consideration by the relevant agencies alongside the need to address volatility issues in the Nigerian capital market.

Other Internal Determinants (EVA)

Stewart (1991) found strong correlation between Economic Value Added and Market Value Added. Using a sample of 613 US companies over the period 1987-1988 and examining both levels and changes in EVA and MVA, he provided evidence of a striking relationship between both levels of EVA and MVA, and even more pronounced, between changes in these levels. Since the correlation between changes in EVA and MVA was high, he suggested that adopting the goal of maximising EVA and EVA growth would in fact build a premium into the market value of the company.

Milunovich&Tseui (1996) found that MVA is more highly correlated with EVA than with Earnings Per Share, Earnings Per Share growth, Return on Equity, Free Cashflow Flow or Free Cash Flow growth. O'Byrne (1996) challenged the suggestion of other scholars such as Easton, Harris &Ohlson, 1992) that earnings, without regard to the amount of capital employed to generate those earnings are sufficient to explain differences in stock returns. He studied the association between market value and two performance measures: EVA and Net Operating Profit After Tax. He showed that both measures had similar explanatory power when no control variables were included in the regression models, but that a modified EVA model had greater explanatory power when indicator variables for 57 industries and the logarithm of capital for each firm were included as additional explanatory variables. However, since O'Byrne (1996) did not make similar adjustments to the NOPAT model, it was impossible to compare results using the different measures.

Uyemura, Kantor & Petit (1996) studied the relationship between EVA and MVA over the period 1986-1995. They also studied the relationship between MVA and four traditional performance measures: EPS, Net Income, Return on Equity and Return on Asset. They provided evidence suggesting that the correlation between MVA and those measures are: EVA 40 per cent, ROA 13 per cent, ROE 10 per cent, NI 8 per cent and EPS 6 per cent. Lehn &Makhija (1997) also found that stock returns over a ten-year period were more highly correlated with average EVA over the period than with the average of ROA, ROS or ROE. Bao and Bao (1998) examined the usefulness of value added and abnormal economic earnings of 166 US companies. They found that value added is a significant explanatory factor in stock returns, and more, its explanatory power is higher than that of earnings. Similarly, Riahi-Belkaoui&Fekrat (1994), Riahi-Belkaoui&Picur (1994), and Worthington & West (2001) clearly suggested the superiority of EVA compared to earnings and other accounting performance measures in explaining stock returns.

Several scholars found that EVA is predictive of stock returns, but it is not the only performance measure that ties directly to a stock's intrinsic value, which is one of the primary assertions of EVA proponents (Stewart, 1991; 1999). These authors include; Dodd & Chen (1996) and Chen & Dodd (1997) based on a ten years (1983-1992) sample of566 US companies obtained from the 1992 Stern Stewart Performance5 1,000 and the Compustat database, provided important evidence concerning the implementation of EVA.

Dodd & Chen (1996) found that stock returns and Economic Value Added per share are correlated as advocated by EVA adopters. However, the correlation was far from perfect. On the other hand they found that ROA explained stock returns slightly better than EVA. Their findings also suggested that if a company wants to adopt the philosophy of EVA as a corporate performance measure, it might want to consider using RI instead. Finally, since nearly 80 per cent of their sample's stock returns could not be explained by EVA, they concluded that EVA is neither the only performance measure to tie with stock returns nor a very complete one. This is consistent with other stock market research suggesting that to explain more completely the variability in stock returns, multiple determinants are required.

In another related study, Chen & Dodd (1997) extended the previous research and examined the explanatory power of Earnings Per Share, Return on Asset, Return on Equity, Return on Investment, and four EVA related measures. Firstly, they found that improving EVA performance is associated with higher returns. However this association is not as strong as suggested by EVA proponents. No single EVA measure was able to account for more than 26

per cent of the variation in stock returns. Secondly, the EVA measures provided relatively more information than the traditional accounting measures in terms of the strength of their association to the stock returns. Moreover, they suggested that the accounting earnings provided significant incremental explanatory power above EVA. Thus, Chen and Dodd (1997) concluded that companies should not follow the suggestions of EVA advocates where traditional accounting measures should be completely replaced with EVA and suggested that along with EVA, companies should continue monitoring the traditional measures of accounting profits such as EPS, ROA and ROE. Finally, consistent with their previous results, they found that RI provided almost identical results to EVA, without the need of accounting adjustments advocated by Stern Stewart & Co.

In another similar study, Bacidore,Boquist, Milbourn, & Thakor, (1997) suggested a refinement of EVA, the REVA. Refined Economic Value Added assesses a capital charge for a period equal to WACC times the market (rather than book) value of the company at the beginning of the period. Their sample was based on 600 companies randomly selected from the Stern Stewart Performance 1,000 database, and on accounting and financial data selected from Standard and Poor's Compustat and University of Chicago CRSP database respectively. They compared EVA to REVA and found that although both measures were statistically related to abnormal stock returns, REVA outperformed EVA.

Further, Biddle, Bowen & Wallace (1997) provided the most comprehensive study of EVA's value relevance to date. They used a sample of 773 US companies from Stern Stewart & Co. database, resulting in a 6,174 year-observations over the period 1984-1993. Using relative and incremental information content tests and constructing models based on Easton and Harris (1991) methodology, they examined the power of accounting measures (earnings and operating profits) in explaining stock market returns, in direct comparison with EVA and five components of EVA (CFO, operating accruals, capital charge, and accounting adjustments). In contrast to studies supporting the superiority of EVA, they found that traditional accounting measures, generally, outperformed EVA in explaining stock returns. They also found that capital charges and adjustments for accounting 'distortions' had some incremental explanatory power over traditional accounting measures, but the contribution from these variables was not economically significant.

Some scholars applied Biddle, Bowen & Wallace (1997) methodology into their own countries (e.g. Worthington and West, 2001) and found similar results. Worthington and West (2001), using pooled time-series, cross-sectional data on 110 Australian companies over the period 1992-

1998, proved that relative information content tests reveal earnings to be more closely associated with returns than Net Cash Flow, Residual Income and Economic Value Added. However, consistent with the construction of EVA-type measures, incremental information content tests suggested that EVA adds more explanatory power to earnings than either NCF or Residual Income. The pair-wise combination of EVA and earnings indicated that the explanatory power has increased by 10.26 percent, higher than any other pair-wise combination.

Lehn &Makhija (1997) using a sample consisted of 241 US companies over the years 1987, 1988, 1992, and 1993, examined EVA and MVA as measures of performance and as signals for strategic change. They found that (a) both EVA and MVA correlated positively with stock returns and that this correlation was slightly better than with traditional performance measures and (b) both EVA and MVA were effective performance measures containing information about the quality of strategic decisions and that they can serve as signals for strategic changes.

Also, Negakis (2006) examined the relationship between Market Values (MV), Book Values (BV), Net Income (NI), Residual Income (RI), and Research and Development (RD) expenses in the US context found that RI has a stronger association with Market Values, while examining newly listed US firms for the period 2000-2004 he did not support the previous findings (Negakis, 2006).

Scholars such as Forker& Powell, 2004; Worthington & West, (2004) used different methodologies and provided totally different results than those reported by Biddle, Bowen & Wallace (1997). Worthington & West (2004) using the same sample but changing the methodology found that EVA is more associated with stock returns than earnings. Forker& Powell (2004) methodology revisited Biddle, Bowen & Wallace (1997) study and provided reverse results. They showed that investors factor of cost of capital into equity pricing and residual-based metrics, such as EVA, are superior to traditional accounting metrics in providing a basis for investors to confirm or revise their expectations in the valuation process.

Kramer &Pushner (1997) went a step further to evaluate Economic Value Added and Net Operating Profit After Tax as explanatory determinants of MVA and found that market value was better explained by NOPAT than EVA under several scenarios. Similarly, De Villiers (1997) studied the inability of EVA to explain at least as much variation in stock returns as traditional accounting earnings and proposed a variant called AEVA6. In a study by De Villiers and Auret (1998) found that EPS had more explanatory power than EVA in explaining stock prices in South Africa over the period 1977-1995.

However, Turvey, Lake, Van, Duren & Sparing (2000) studied the relationship between EVA and stock market returns for a sample of 17 publicly traded food companies in Canada. The key finding was that no relationship could be found between the two. In a study carried out by Keef and Rush (2003) examined both theoretically and empirically the link between EVA and stock price reaction. They found the results of Turvey, Lake, Van, Duren and Sparing (2000) as expected, but moreover, they posited that AEVA6 is in fact an adjusted EVA variant to inflation. AEVA is calculated by firstly restating the capital base in current values, then determining the asset structure of the company and finally calculating the required accounting return. As a final step, the product of required accounting return and current value of capital is subtracted from NOPAT. considered the EVA concept as an enigma.

In a similar study, Dimitrios, Zeljko & Nikolaos (2006) aimed at (1) presenting the empirical research to date on earnings and Economic value added (EVA) and (2) providing a comprehensive analysis and interpretation of the value relevance of them in explaining stock returns in the ASE. To achieve it, the relevant literature was studied and publicly available financial data of the listed companies in the ASE during 1992-2001 was collected and analysed.

Earnings per Share (EPS) are financial performance measure traditionally used by companies and analysts, while EVA is a representative measure of modern value-based performance measurement. It is defined as net operating profit after taxes less the capital employed for this operation (a capital charge). EVA has been introduced in the corporate world as the only integrated financial management system that 'drives stock prices' (Stewart 1991; 1999; Stern, Stewart & Chew, 1995). However, results from the empirical research to date are not consistent to this assertion. The study was stimulated by both the value-based performance measures proponents' assertions and by the mixed empirical results for its value relevance reported until now. Pooled time-series, cross sectional data of listed companies in the ASE over the period 1992 – 2001 were employed to examine whether EVA or earnings are associated more strongly with stock returns. The findings revealed that stock returns are more closely associated with earnings per share than with EVA while incremental information content tests suggest that EVA adds considerable explanatory power to earnings per share.

In another study, Buigut, Soi, Koskei&Kibet (2013) examined the relationship between capital structure and share prices in NSE assessed the effect of debt, equity and gearing ratio on share price. Using panel data pertaining to the energy sector over the period 2006 to 2011 and employing multiple regression analysis, the results indicated that debt; equity and gearing ratio were significant determinants of share prices for the sector under consideration. Further, gearing

ratio and debt were found to positively affect share prices while equity negatively affected share prices.

Further, King &Langli (1998) examined accounting figures across Germany, Norway and the UK. They found, among others, that accounting book value and EPS were significantly related to current stock prices across all three countries with Germany scoring the lowest relation and UK reaching the highest one. King (2000) further examined the relationship between stock prices and accounting earnings and book values in six Asian countries: Indonesia, South Korea, Malaysia, the Philippines, Taiwan, and Thailand. They found differences across the six countries in the explanatory power of book values per share and residual earnings per share for firm values. Explanatory power for Korea and the Philippines was relatively high while that for Taiwan and Malaysia was relatively low. They also provided evidence suggesting that in all six countries residual earnings per share has less explanatory power than book value per share in most years.

In a different study, Cheung, Kim & Lee (1999) examined the impact of ownership characteristics on return-earnings association in Japan. They found that this association is positively affected by the extent to which a company's shares are owned by foreign investors. They also provided evidence that reported earnings were less value relevant in Japan than in the US.

Kayha, Meggina&Theodossiou (1993) found that earnings growth rates were highly associated to future profitability and documented that earnings possessed an information content that explained unexpected changes in Greek stock prices. Ballas (1999) investigated the information content of the components of a clean surplus definition of income with respect to stock prices and found a significant association between OI and market values. Diacogiannis, Glezakos&Segredakis (1998) examined the effect of the P/E ratio and the Dividend Yield (DY) on expected returns of the common stocks in ASE during 1990-1995. They provided evidence suggesting that P/E ratio is a statistically significant variable in explaining the cross-section variation of expected returns. The explanatory power of DY reported rather weak. Karanikas (2000) further provided evidence on the role of size, book-to-market ratio and dividend yields on average stock returns in the ASE for the period 1991-1997. He reported a statistically significant positive relationship between the book-to-market ratio (B/M), DY and average stock returns.

Rawlin& Shanmugam (2014) focussed on the interactions of financial determinants in influencing the share price performance of a leading public sector bank in India. The key performance indicators namely deposits, advances, business-per-employee, profit-per-employee,

% net non-performing assets (NPA) and the capital adequacy ratio that effect bank share price performance were selected from earlier study and subjected to curve estimation analysis. The analysis suggested a non-linear relationship between share price and these determinants. A step wise multiple regression was performed on non-linear combinations of these determinants. The natural logarithm of business-per-employee and the cube of profit-per-employee were found to be the key determinants of share price performance. This suggests that the productivity of the work force as measured by the above determinants is a key determinant of share price performance.

In a related study, Adenso-Diaz &Gascon, (1997)sought a relationship between stock performance and four different measures of partial efficiency namely production costs, branch network distribution, systematic risk and specific risk for Spanish banks using Data Envelopment Analysis (DEA). Their findings suggest that bank-specific risks are most influential in determining stock performance. In a similar study, Chu and Lim (1998) Used DEA to evaluated the relative cost and profit efficiency of six Singapore-listed banks from 1992 to 1996. They found that share price performance was effectd by changes in profits rather than cost efficiency.

.

2.3.2 Review on the Relationship between Share Price and ExternalFactors

Gupta, Alain & Fran (2008) examined the relationship between the interest rate, exchange rate and stock price in the Jakarta stock exchange for the period 1993 to 1997 which was divided into three sub periods (January 1993 to March 1995, April 1995 to July 1997 and August 1997 to December 1997). Depending on the sub periods being considered, sporadic un-directional causality from closing stock prices to interest rates and vice versa and weak un-directional causality from exchange rate to stock price were found. The overall evidence, however, failed to establish any consistent causality relationships between any of the economic variables under study concluding that the Jakarta market efficiently incorporated much of the interest rate and exchange rate information in its price changes at closing stock market index but cautioned that many other dimensions have to be studied before arriving at any definite conclusion about the efficiency. Areas for further research were identified as carrying out the same research for a longer time period and using other multivariate statistical forecasting models other than Autoregressive Integrated Moving Average (ARIMA) and Granger and need to conduct research on causality between select sectoral indices as different sectors may react differently to interest and exchange rates and further research using non-linear relationships between the variables

In another study carried out by Aburime, (2009), he examined the long run and short run interactions between stock prices and exchange rate in Nigeria using data from 1st February 2001 to 31st December 2008 and concluded that causality tests revealed strong evidence of long run bi-directional relationship between stock prices and exchange rates. These results were echoed by Maku&Atanda (2010) whose study was a critical examination of the long run macro-economic determinants of stock market performance in Nigeria between 1984 and 2007. The time series variables were examined using the Augmented Dickey-Fuller (ADF) unit root test and the Augmented Engle-Granger Co integration (AEGC) test results which revealed that stock market performance in Nigeria was mainly determined by exchange rate, consumer price index (a measure of inflation), broad money supply and real output.

Eita (2011) in investigating the macroeconomic determinants of stock market prices in Namibia used an estimation equation using time series properties of variables and concluded that stock market prices in Namibia were determined by economic activity, interest rates, inflation, money supply and exchange rates. The period under study was 1998 to 2009 and two measures of stock market development were used namely; market capitalisation to GDP and the Namibian stock exchange overall index. A positive relationship existed between stock prices on one hand and money supply and economic activity on the other hand while inflation and interest rates had a negative relationship with stock prices. More information is needed on the effect of exchange rates on the stock prices.

In a similar study, Arodoye, (2012) attempted to investigate the impact of macroeconomic variables on the determination stock prices in Nigeria. It also evaluated the extent to which macroeconomic variables contribute to stock price variability. The study used quarterly time series data for stock prices covering a period of 25 years (1985 Q1-2009 Q4) in the econometric analysis. The period was adopted because of the non-availability of quarterly data on the All Share Price index before 1985. Quarterly time series data were sourced for the same period for growth of Gross Domestic Product (GRGDP) and Inflation rate (INFL). Data were obtained from the Central Bank of Nigeria (CBN) Statistical bulletin and the Nigerian Stock Exchange Market. In the analysis of the collected data, the author applied unit root tests, test for co integration and utilize a Vector Auto Regression (VAR) model. A shortcoming of many previous investigations on this subject matter is that they did not completely account for the feedback effect among variables. In order to address this problem; VAR was used in the study. The estimation of the model was carried out with the Microfit 4.0 Econometric software. The results show that there is a long-run relationship between stock prices, inflation rate and real gross domestic product for

the period under review. Also the salient feature of the variance decomposition results is that the predominant sources of stock market price variation are due largely to inflation rates, growth of real gross domestic product, interest rate and "own shocks".

In a related study by Khaled(2009) aimed at investigating the effects of macroeconomic indicators (theinterest rate and the industrial production) on Vietnamese stock prices. The paper examined how USmacroeconomic indicators affect Vietnamese stock prices.Monthly time series data covering the periodfrom January 2001 to April 2008 were used whilethe methodology introduced by Nasseh and Strauss, Canova andde Nicolowere applied to investigate the linkage between stock prices and macroeconomic indicators. The findings were first; the paper provided the first empirical evidence that there arestatistically significantassociations among the domestic production sector, money markets, and stock prices in Viet Nam.Another finding is that the US macroeconomic fundamentals significantly affect Vietnamesestock prices. Finally, the results showed that the effect of the US real sector is stronger than that ofthe money market.

In another study, Uddin(2009) studied the impact of micro and macro economic factors on share price performance of bank leasing and insurance companies in the Dhaka stock exchange in Bangladesh through multiple regression analysis. He found linear relationship between market returns and some microeconomic factors such as net asset value per share, dividend percentage, and earnings per share. The relationship between market returns and macro economic factors was however not statistically significant.

Okpara&Nwezeaku (2009) in Nigeria examined the effect of theidiosyncratic risk and beta risk on thereturns of 41 randomly selected companies listed on the NSE from 1996 to 2005. Employing a twostepestimation procedures, firstly, the time series procedure was used on the sample data to determine thebeta and idiosyncratic risk for each of the companies; secondly, a cross-sectional estimation procedure wasused employing EGARCH (1,3) model to determine the impact of these risks on the stock market returns.The results revealed included, that volatility clustering is not quite persistent but there exists symmetric effect in the Nigerian stock market. They concluded that unexpected drop in price (bad news)increases predictable volatility more than unexpected increase in price (good news) of similar magnitude inNigeria.

Charles (2008) examined the institutional and macroeconomic determinants of stock market development using a panel data of 42 emerging economies for the period 1990 to 2004. The paper posits that macroeconomic factors such as income level, gross domestic investment,

banking sector development, private capital flows, and stock market liquidity are important determinants of stock market development in emerging market countries. The results also show that political risk, law and order, and bureaucratic quality are important determinants of stock market development because they enhance the viability of external finance. This result suggests that the resolution of political risk can be an important factor in the development of emerging stock markets. The analysis also shows the factors identified above as determining stock market development in emerging economies can also explain the development of the stock market in South Africa.

Zhou (1996) investigated the relationship between interest rates and stock prices using regression analysis. He found that interest rates have an important impact on stock prices, especially in long-term investments horizons, but the hypothesis that expected stock returns move onebyone with ex ante interest rates is rejected. Abugri (2008),gave a negative result in his, the response of stock prices to interest rate is negative and significant in Brazil, Argentina and Chile, but the response of returns in Mexico to interest rates appears to be insignificant in explaining the movement of returns.

2.4 SUMMARY OF REVIEWED LITERATURE

Several studies on the determinant of share price movement have been conducted. The literatures reviewed show conflicting findings over the impact corporate financial indicators and macro-economic variables have on share price movements. While some studies accept the positive effect internal financial indicators, such as earnings per share, Net Asset Per Share, Price Earnings Ratio, return on assets, cashflowetc have on share price movement some others insist there is a negative impact while others suggest a non-significant relationship. Furthermore, some studies identified varying acceptance of external factors such as inflation rate, exchange rate and interest rate as being contributory factors to movement in share price.

Table 2.1: Tabular Form of Empirical Review

S/NO	AUTHOR	TOPIC	YR	SCOPE/AREA STUDIED	FINDINGS
1.	Balkrishan	Determinant of equity price in India	1984	Dividend per share, Earning per share, Book value, Dividend yield and cover with market price of share in	Only DPS and Book value had significant relationship with share price.

				general engineering and cotton textile industries	
2.	Baskin	Dividend policy and the volatility of common stock	1989	Same Data with Balkrishan on US Data	Dividend yield did not correlate with market price of share contrary to Balkrishan
3.	Kumar &Hundal	Stock market integration examining linkages between India and selected Asian markets	1986	Determinants of Share price change.	EPS, DPS, Growth of Assets and retention Ratio were significant. Contrary to Balrishan's (1984) findings.
4.	Zhou	Stock market fluctuations and the term structure	1996	Investigated the relationship between interest rates and stock prices using regression analysis in three countries namely Brazil, Argentina, Chile and Mexico	Interest rate is negative and significant in Brazil, Argentina and Chile, but the response of returns in Mexico to interest rates appears to be insignificant in explaining the movement of returns.
5.	Malhotra &Prakash	Determinants of market price of A-group and B-group shares	2001	Market price determinants of 'A' group and 'B' group shares of Indian stock market during 1989-90 to 1998-99	Determined mainly by book value per share, earning per share, dividend per share, P/E ratio and market price to book value ratio
6.	Demir	Hissesenediniet kileyenisletmed uzeyindekifakto rlervemalisektor uzerineiMKB'd ebiruygulama	2001	Determinants of Share price	Financial leverage ratio, profitability ratio, dividend payout ratio, price to earnings ratio, market value-book value ratio, turnover ratio, Earnings per share and Net profit growth rate are found to be effective on stock value

Table 2.1: Contd

S/NO	AUTHOR	TOPIC	YR	SCOPE/AREA STUDIED	FINDINGS
7.	Jindrichov ska	The relationship between accounting numbers and returns	2001	Stock returns and accounting data for the developed Czech stock market	All the Accounting data showed a significant relationship with stock price.

8.	Irfan&Nishat	Key fundamental factors and long-run price changes in an emerging market: A case study of Karachi Stock Exchange	2002	Determinants of price changes. simple regression model was used.	The empirical findings revealed that prime key fundamental factors had no significant effect on the share price deviation in Pakistan
9.	Zhu	The information of stock price in response to the volume of circulating common stocks	2003	Examined stock market and volume of current capital stock	A significant positive relationship between stock price and EPS
10	Sen& Ray	Key determinants of stock prices in India	2003	Determinants of stock price in India	Earnings per share has a very weak impact on the share prices
11	Al-Deehani	Determinants of dividend policy: the case of Kuwait	2005	Determinants of share price for companies listed on the Kuwait stock	EPS, Cash DPS, previous cash DPS, ROE price to book value ratio, previous cash flow per share and cash flow per share are all highly correlated with the share price
12	Dongwei	Stock price reactions to earnings announcements: evidence from Chinese markets	2003	Earning per share in the Chinese Stock Markets	EPS change do not adjust very rapidly to the new earnings information in the markets

Table 2.1: Contd

S/NO	AUTHOR	TOPIC	YR	SCOPE/AREA STUDIED	FINDINGS
13	Myers & Frank	The determinants of corporate dividend policy	2004		A positive relationship between the price Earnings Ratio and Dividend Payout Ratio on share price
14	Beccalli, Casu&Girardone	Efficiency and stock performance in European Banking	2006	The relationship between cost efficiency and share price performance of selected European Banks	Changes in operating efficiency resulted in changes in stock prices
15.	Gupta, Alain & Fran	The causality between interest rate, exchange rate and stock price in emerging markets	2008	Examined the relationship between the interest rate, exchange rate and stock price in the Jakarta stock exchange	No consistent causality relationships between any of the economic variables under study i.e interest rate, exchange rate had no significant relationship
16.	Aburime	Determinants of bank profitability: company-level evidence from Nigeria	2009	Examined the long run and short run interactions between stock prices and exchange rate in Nigeria	A strong evidence of long run bi-directional relationship between stock prices and exchange rates exist

Table 2.1: Contd

S/NO	AUTHOR	TOPIC	YR	SCOPE/AREA STUDIED	FINDINGS
17.	Uddin	Determinants of market price of stock: A study on bank leasing and insurance companies of Bangladesh	2009	Studied the impact of micro and macro economic factors on share price performance of bank leasing and insurance companies in the Dhaka stock exchange in Bangladesh	Net asset value per share, dividend percentage, and earnings per share. The relationship between market returns and macro economic factors was however not statistically significant.
18.	Somoye, Akintoye & Oseni	Determinants of equity prices in the stock markets	2009	Examined the factors influencing equity prices in the Nigerian stock market for the period 2005-2007	DPS, EPS and GDP exerts a positive correlation to stock prices but are not significant determinants of share price.
19.	Khaled	The impact of macroeconomic	2009	Investigated the effects of macroeconomic indicators (the interest rate and the industrial production) on Vietnamese stock prices	US macroeconomic fundamentals significantly affect Vietnamese stock prices. i.e Interest rate and industrial production were relevant to stock price changes.
20.	Al-Shubiri	Analysis of the determinant of market stock price movement: an emperical study of Jodaniancomercial Banks	2010	The determinants of market stock price movements of Jordanian commercial bank	A highly positive and significant relationship between market price of stock and net asset value per share

Table 2.1: Contd

S/NO	AUTHOR	TOPIC	YR	SCOPE/AREA STUDIED	FINDINGS
21.	Maku&Atanda	Determinants of stock market performance in Nigeria: long-run analysis	2010	Critical examined the long run macro-economic determinants of stock market performance in Nigeria between 1984 and 2007	Stock price was mainly determined by exchange rate, consumer price index (a measure of inflation), broad money supply and real output
22.	Raza	The impact of financial performance of the company on its share price; evidence from Pakistan Stock Exchange	2010	Investigated the Impact of Financial Performance of the Company on its Share Price at the Pakistan Stock Exchange	Earning per share is not significant
23.	Eita	Modelling macroeconomic determinants of stock market pirces. evidence from Namibia	2011	Investigated the macroeconomic determinants of stock market prices in Namibia	A positive relationship existed between stock prices on one hand and money supply and economic activity on the other hand while inflation and interest rates had a negative relationship with stock prices
24.	Irmala, Sanju&Ramachandran	Determinants of Share Prices in India	2011	Investigated the determinants of share prices in the Indian market	DPS, Price-Earnings ratio and Leverage are significant determinants
25.	Al-Tamimi, Alwan& Abdel	Factors affecting stock prices in UAE financial markets	2011	Determinants of share price	EPS and DPS were found significant
26.	Sharma	Determinants of equity share prices in India	2011	Examine the empirical relationship between equity share prices and	EPS, DPS and BVP were found significant

				the explanatory variables in India	

Table 2.1: Contd

S/NO	AUTHOR	TOPIC	YR	SCOPE/AREA STUDIED	FINDINGS
27.	Kheradyar, Ibrahim & Mat	Stock return predictability with financial ratios	2011	Investigated the relationship between accounting variables and stock return in the Malaysia Stock Exchange	Book to market ratio has higher predictive power than the dividend yield and earning yield
28.	Hussainey, Mgbame & Chijoke-Mgbame	Dividend policy and share price volatility	2011	Determinant of the volatility of stock price	The larger the size of the company, stock price will be less volatile
29.	Arodoye	An econometric analysis of the impact of macroeconomic variables on stock prices in Nigeria: a vector autoregression (VAR) model	2012	Investigate the impact of macroeconomic variables on the determination stock prices in Nigeria	The results show that there is a long-run relationship between stock prices, inflation rate and real gross domestic product
30.	Srinivasan	Determinants of equity share prices in India: a panel data approach.	2012	Examined the fundamental determinants of share price in India in Heavy and Manufacturing, Pharmaceutical, Energy, IT sectors	Dividend per share has a negative and significant impact on the share price
31.	Serife & Ugur	Internal determinants of the stock price movements on sector Basis	2012	Investigated the internal determinants of the stock price movement on sector basis	Only book value was significant while total assets turnover ratio, dept ratio, current ratio, net profit margin, price to earnings ratio

					were insignificant.

Table 2.1: Contd

S/NO	AUTHOR	TOPIC	YR	SCOPE/AREA STUDIED	FINDINGS
32.	Menaje	Impact of selected accounting and economic variables on share price of publicly listed banks in the Philippines from 2002-2008	2012	impact of accounting variables on stock price of Banks in the philistine	Only e-month treasury bill rate was significant while Earnings per Share, Cash Flows per Share, Cash Dividend per Share, Inflation Rate were insignificant.
33.	Olowoniyi&Ojenike	Determinants of stock return of Nigerian listed firms	2012	Determinants of stock returns of listed firms in Nigeria	profitability and tangibility were significant while others were not
34.	Uwuigbe, Olusegun&Godswill	An assessment of the determinants of share price in Nigeria: A study of selected listed firms	2012	Examined the determinants of share prices in the Nigerian stock exchange market	Financial performance and dividend payout had a significant positive relation with share prices while financial leverage (proxy by debt-equity ratio) had significant negative effect on the market value of share prices in Nigeria
35.	Placido	Impact of selected financial variables on share price of publicly listed firms in the Philippines	2012	Investigated whether earnings per share (EPS) and return on assets (ROA) have significant effect on share	Result of the Spearman Rank order Correlation disclosed strong positive correlation of EPS with share price. ROA

				price of publicly listed firms in the Philippines	disclosed weak negative correlation with share price

Table 2.1: Contd

S/NO	AUTHOR	TOPIC	YR	SCOPE/AREA STUDIED	FINDINGS
37.	Mgbame	Accounting information and stock volatility in the Nigerian capital market	2013		Dividend per share and Earnings per share have a strong effect on stock volatility in Nigeria
38.	Emamgholipour, Pouraghajan, Tabari, Haghparast & Shirsavar	The effect of performance evaluation market ratios on the stock return: evidence from the Tehran stock exchange	2013	Examined the effect of performance evaluation market ration on the stock return of companies listed in the Tehran Stock Exchange	Earnings per share have significant and positive effect on stock return and Price earnings ratio and market value to book value ratio statistically have significant and negative effect
39.	Asma, Aamir, Amara & Shahid	Determining the impact of Dividends, Earnings, Invested Capital and Retained Earnings on Stock Prices in Pakistan: An Empirical Study	2013	Excogitated the relationship between selected companies 'specific factors and stock prices of companies listed on Karachi Stock Exchange of Pakistan	Dividend per share and Earnings per share Possess positive and significant relationship with market prices

Table 2.1: Contd

S/NO	AUTHOR	TOPIC	YR	SCOPE/AREA STUDIED	FINDINGS
40.	Limento & Djuaeriah	The determinant of the stock price in Indonesian publicly listed transportation industry	2013	The correlation between Ratio Analysis and macroeconomic indicators with stock price in nine publicly listed transport companies in Indonesia	Only TAT and EPS have a significant correlation with share price.Return while On Assets (ROA), Return On Equity (ROE), Net Profit Margin (NPM), Debt-Equity Ratio (DER), Total Asset Turnover (TAT), Current only Ratio (CR), Price Book Value (PBV), inflation are insignificant.
41.	Nidhi & Kamini	Determinants of stock prices: Empirical evidence from NSE 100 companies	2013	Determined the factors that effect stock prices in the context of National Stock Exchange of India	EPS and Price-Earning-Ratio were significant
42.	Almumani	Determinants of the equity share price of the listed banks in Amman stock exchange: Quantitative Approach	2014	Attempted to identify the quantitative factors that effect share prices for the listed banks in Amman Stock Exchange	Net book value per share was significant

2.4.1 Summary of Related Reviewed Literature on the Protagonists

In summary, we have brought together the proponents of macroeconomic variables (accounting and external variables) affecting corporate performance and share price movement. The empirical literature is based on the relationship between dependent and independent variables.

Authors such as Olowoniyi&Ojenike (2012), Olusegun&Godswill (2012), Al-Khalayleh (2001), Kothari (2001), King and Langly (1998), Allen and Rachim (1996), Zhu (2003), found accounting information, especially earnings per share as a major determinant of corporate performance and share price movement. Further, studies such as Aburime (2009) (Exchange rate proponent) Eita (2011), Arodoye (2012), Alan & Fran 2008 (inflation and interest rate proponent) all saw external factors as major determinants of corporate performance and share price movement.

2.4.2 Summary of Related Literature Review On The Antagonists

Studies such as the ones below constitute the opponents or those with negative link and they are:

Alan &Uddin (2009) investigate the relationship between interest rate and stock price in both developed and developing countries using random walk hypothesis model and efficient market hypothesis and found that interest rate has negatively significant relationship with share prices. Also authors such as Ramli (2010), Kheradyah, Ibrahim & Mat (2011), Akintoye&Oseni (2009), Mohamed (DPS opponent) have antagonist view on accounting ratios a varying opinions. Serife&Ugur (2012) assert that internal factors have little to play in the determination of share price movement. Srinivasan (2012) posit that dividend per share has a negatively significant effect on share price movement.

2.5 GAP IN LIERATURE

From the related literatures reviewed, the following gaps were observed:

To the best of the researcher's knowledge, none of these studies investigated the determinants of share price movement as it relates to the Nigerian Banking Industry. It is therefore scarce or none existent.

Furthermore, no study in Nigeria known to the researcher investigated a combination of both internal and external performance indicators in the Nigerian Banking Industry; hence this study hopes to further investigate external factors, namely: exchange rate, inflation rate and interest rate. Consequently, both internal and external factors were chosen in this study. The internal

factors are earnings per share, Net Asset Value Per Share and Price Earnings Ratio. The external factors are exchange rate, inflation rate and interest rate.

CHAPTER THREE

METHODOLOGY

3.1 RESEARCH DESIGN

The research design adopted for this study is the ex-post factor. Asika (2005) defined ex-post as a type of research study in which groups of participants are determined by pre-existing conditions and events from the past. It is a Latin word for "after the fact".In ex post facto designs the groups are compared with each other on a dependent variable (like an experimental design) but it is considered a quasi-experimental design because the independent variable is not manipulated.

The independent variable condition is based on pre-existing conditions instead of random assignment. Groups are based on subject variables that are already present in the participants. Ex-post factor provides a systematic and empirical solution to research problems. This is so because it adopts a time series design that includes dependent and independent variables (Asika, 2005). Onwureme (2005) opines that ex-post factor research design is aimed at establishing and measuring the relationship between one variable and another.

Accordingly, this study made use of time series data sourced from financial reports and accounts from the library division of the Nigerian Stock Exchange. It also made use of data from the bulletin of the Central Bank of Nigeria for the relevant years. The researcher adopts the simple and multiple regression approach to test hypotheses which estimates the relationship between market price and the selected corporate performance indicators/determinants.

This type of research design has been recently adopted by studies such asKyereboah, Anthony, Agyire (2008) in Ghana, Al-Malkawi (2007), Uddin (2009), Seyyed (2010) in London, Ossisanwo&Atanda (2012) in Nigeria, Ike-Ekweremadu (2014) in Nigeria to mention a few.

3.2 POPULATION and SAMPLE SIZE

The population used for this study is the twenty one commercial banks operating in Nigeria as listed on the Nigerian Stock Exchange.A sample of thirteen (13) Banks was purposively selected from the population. The sampled Banks were those that made the list of the top one thousand World Bank ranking as published by the Bankers' magazine of Nigeria on 8th of July, 2013 (Omoh, 2015) and these banks are quoted on the floor of the Nigerian Stock Exchange.The sample was further reduced to eleven Banks because of insufficiency of Data. The sampled

banks are: zenith bank, Guarantee Trust bank, First bank, Access bank, United Bank for Africa, Fidelity bank, Ecobank Nigeria, Diamond Bank, Stanbic IBTC Holdings, FCMB and Union Bank of Nigeria.

3.3 METHOD OF DATA COLLECTION

The data for this research wascollected from secondary sources. Data on market price of shares, earnings per share, Net Asset Per Share and Price Earnings Ratio were obtained from FactBookof the Nigerian Stock Exchange and the annual report of the sampled banks; while data on inflation, exchange rate and interest rate were obtained from Central Bank of Nigeria.

3.4 TECHNIQUES OF DAT ANALYSIS

The studyfirsttested for the stationarity of the data chosen using the unit root test. This is done to fulfil the economic theory which states that times series variables that must enter a regression model must undergo a stationarity test in order to achieve a realistic (non spurious) result at 5% or 10% level of significance.

Multiple regressions was used to ascertain whether there is a significant relationship between the dependent and independent variables and to explain the pattern of the relationship the independent variables have on share prices of the respective banks.The independent variables are; Earnings per share,Net Asset Value Per Share, Price Earnings Ratio, Inflation rate, exchange rate and interest rate. EPS, NAVPS and PE represent internal factors while inflation, exchange rate and interest rate represent the external factors.

Variance Inflation factors was used to test for multicollinearity among the variables while Auto Regressive method was employed to correct the problem of Auto Correlation, Breush-pegan-Godfrey Heteroskedasticity test was carried out to ensure an heteroskedasticity free result.

This study adopts the model of Ike-Ekweremadu (2014) as shown below:

$$MPS = \beta_0 + \beta_1 EPS_{t-1} + \beta_2 NAVPS_{t-1} + \beta_3 PE_{t-1} + e_t$$

This model did not include external factors thus the model was modified to include external factors, namely: inflation, exchange rate and interest rate. Thus we can specify our non stochastic model as:

$$MPS = f(EPS, NAVPS, PE, INFR, INTR, ER, ROA)$$

Where:

MPS = Market price of shares

EPS = Earnings per share

NAVPS =Net Asset Value Per Share

PE = Price Earnings Ratio

INFR = Inflation rate

INTR = Interest rate

ER = Exchange rate

ROA: = Return on Asset as the control variable

Now stating the model in an explicit stochastic form gives:

$$MPS = \beta_0 + \beta_1 EPS_{t-1} + \beta_2 NAVPS_{t-1} + \beta_3 PE_{t-1} + \beta_4 INFR_{t-1} + \beta 6 INTRIt_{-1} + \beta_5 ER_{t-1} + \beta_6 ROA + e_t$$

All variables are as previously defined.β_0 is the coefficient (constant), $\beta 1 - \beta 6$ are parameters of the independent variables to be estimated, e is standard error, t is current period while t-i (where i = 1) stands for one year lag period.

Decision Rule: Reject the null hypothesis for the alternative if the F-value is less than 5% otherwise accept it.

3.5 RELIABILITY OF INSTRUMENT

An instrument is said to be reliable if the desired result is consistent overtime.The annual report shows the audited financial statement by a licensed audit firm who has certified the authenticity of the information therein. This means that, the annual reports of Banks has gone through external auditing by independent audit firms and has been satisfied to have shown the true financial position of the state of affairs of the Banks. Central Bank of Nigeria's bulletin and the Nigerian Stock Exchange FactBookare credible and authoritative sources and have been proven to carry reliable information over time hence the usage by researchers.

CHAPTER FOUR

DATA PRESENTATION AND ANALYSIS

4.1 DATA PRESENTATION

The Data of the mean values for the Nigerian Banking Industry is presented in table 4.1 below:

4.1 **EPS, NAVPS, PE, MP for The Banking Industry and Inflation, Exchange Rate and Interest Rate For Nigeria**

YEAR	EPS	NAVPS	PE	MPS	Inflation rate	exchange rate	interest rate
2000	1.49	11.16	5.04	7.24	6.94	102.11	9.58
2001	1.48	5.06	8.08	8.79	18.87	112.35	8.18
2002	1.38	5.30	10.65	7.71	12.88	126.40	8.10
2003	1.62	5.43	6.35	8.19	14.03	136.50	6.50
2004	1.30	4.94	8.59	10.53	15.00	132.35	5.48
2005	1.02	4.82	16.31	10.65	17.86	128.50	7.42
2006	1.09	6.00	17.65	13.46	8.22	126.50	7.16
2007	1.17	6.40	22.77	25.67	5.41	116.30	6.65
2008	1.72	10.24	-23.52	24.54	11.58	130.75	3.51
2009	-0.03	7.49	13.70	10.88	12.54	149.78	5.07
2010	0.57	5.68	11.42	9.26	13.72	148.67	11.06
2011	0.49	7.70	11.32	10.27	10.84	156.20	10.32
2012	1.35	8.44	11.38	9.85	12.22	155.27	8.39
2013	1.31	9.68	11.65	12.16	8.48	155.20	8.78
2014	1.44	10.11	13.27	12.87	8.06	167.50	7.21

Source: The Nigerian Stock Exchange Factbook and The Fianacial Statement of The sampled Banks

4.2 TEST OF RELIABILITY

The researcher tested for stationarityusing unit root test in order to fulfil the economic theory which states that variables that must enter a regression model must undergo a stationarity test in order to achieve a realistic (non spurious) result at 5% or 10% level of significance. The result for the test is shown below are shown in Appendix II.

Apart from EPS of FCMB and NAVPS for first Bank, which went through the zero point several times and have a higher DF value, other variables have unit root problem; consequently, the data

were detrended using the Dickey fuller GLS test. The result of the differenced data inorder to solve the unit root problem is as shown below:

Table 4.12 Differenced Result For Access Bank:

Variables	Test of critical value	Test statistics			Status
	ADF	1%	5%	10%	Stationary
EPS	-4.88618	-4.12199	-3.14492	-2.71375	1(1)
MP	-4.63832	-4.20006	-3.17535	-2.72899	2(1)
NAVPS	-4.27994	-4.12199	-3.14492	-2.71375	2(1)
PE	-12.031	-4.29707	-3.2127	-2.74768	2(1)

Source: The Researcher Using Eview 7.1

Table 4.13 Differenced Result For Diamond Bank:

Variables	Test of critical value	Test statistics			Status
	ADF	1%	5%	10%	Stationary
EPS	-5.49168	-4.05791	-3.11991	-2.7011	1(1)
MP	-5.24781	-4.20006	-3.17535	-2.72899	2(1)
NAVPS	-5.67182	-4.12199	-3.14492	-2.71375	2(1)
PE	-7.12428	-4.05791	-3.11991	-2.7011	1(1)

Source: The Researcher Using Eview 7.1

Table 4.14 Differenced Result For Eco:

Variables	Test of critical value	Test statistics			Status
	ADF	1%	5%	10%	Stationary
EPS	-4.07724	-4.05791	-3.11991	-2.7011	1(1)
MP	-4.76468	-4.05791	-3.11991	-2.7011	1(1)
NAVPS	-4.39266	-4.05791	-3.11991	-2.7011	1(1)
PE	-5.00709	-4.05791	-3.11991	-2.7011	1(1)

Source: The Researcher Using Eview 7.1

Table 4.15 Differenced Result For First Bank:

Variables	Test of critical value	Test statistics			Status
	ADF	1%	5%	10%	Stationary
EPS	-5.41207	-4.05791	-3.11991	-2.7011	1(1)
MP	-4.64949	-4.12199	-3.14492	-2.71375	2(1)
NAVPS	-27.9215	-4.00443	-3.0989	-2.69044	NA
PE	-2.83888	-2.51674	-1.98234	-1.60114	2(0)

Source: The Researcher Using Eview 7.1

Table 4.16 Differenced Result For FCMB:

Variables	Test of critical value	Test statistics			Status
	ADF	1%	5%	10%	Stationary
EPS	-4.73008	-4.12199	-3.14492	-2.71375	NA
MP	-3.73975	-2.81674	-1.98234	-1.60114	2(0)
NAVPS	-5.90352	-4.12199	-3.14492	-2.71375	2(1)
PE	-5.70477	-4.05791	-3.11991	-2.7011	1(1)

Source: The Researcher Using Eview 7.1

Table 4.17 Differenced Result For Fidelity:

Variables	Test of critical value	Test statistics			Status
	ADF	1%	5%	10%	Stationary
EPS	-5.69128	-4.29707	-3.2127	-2.74768	2(1)
MP	-4.4208	-4.20006	-3.17535	-2.72899	2(1)
NAVPS	-4.58872	-4.05791	-3.11991	-2.7011	2(1)
PE	-7.37849	-4.05791	-3.11991	-2.7011	1(1)

Source: The Researcher Using Eview 7.1

Table 4.18 Differenced Result For GTB:

Variables	Test of critical value	Test statistics			Status
	ADF	1%	5%	10%	Stationary
EPS	-3.60037	-2.84725	-1.9882	-1.60014	2(0)
MP	-3.62721	-2.77193	-1.97403	-1.60292	1(0)
NAVPS	-5.73303	-4.12199	-3.14492	-2.71375	2(1)
PE	-4.12882	-4.05791	-3.11991	-2.7011	1(1)

Source: The Researcher Using Eview 7.1

Table 4.19 Differenced Results For Stanbic IBTC:

Variables	Test of critical value	Test statistics			Status
	ADF	1%	5%	10%	Stationary
EPS	-2.89305	-2.44725	-1.9882	-1.60014	2(0)
MP	-3.88617	-2.79215	-1.97774	-1.60207	2(0)
NAVPS	-4.83056	-4.4206	-3.25981	-2.77113	2(1)
PE	-5.47854	-4.12199	-3.14492	-2.71375	2(1)

Source: The Researcher Using Eview 7.1

Table 4.20 Differenced Result For UBA:

Variables	Test of critical value	Test statistics			Status
	ADF	1%	5%	10%	Stationary
EPS	-5.0339	-4.05791	-3.11991	-2.7011	1(1)
MP	-4.62518	-4.20006	-3.17535	-2.72899	2(1)
NAVPS	-4.63875	-4.20006	-3.17535	-2.72899	2(1)
PE	-4.21822	-4.05791	-3.11991	-2.7011	1(1)

Source: The Researcher Using Eview 7.1

Table 4.21 Differenced Result For UBN:

Variables	Test of critical value	Test statistics			Status
	ADF	1%	5%	10%	Stationary
EPS	-6.26665	-4.05791	-3.11991	-2.7011	1(1)
MP	-4.8983	-4.20006	-3.17535	-2.72899	2(1)
NAVPS	-4.40348	-4.29707	-3.2127	-2.74768	1(1)
PE	-3.98321	-2.84725	-1.9882	-1.60014	2(0)

Source: The Researcher Using Eview 7.1

Table 4.22 Differenced Result For Zenith Bank:

Variables	Test of critical value	Test statistics			Status
	ADF	1%	5%	10%	Stationary
EPS	-4.69244	-4.4206	-3.25981	-2.77113	2(1)
MP	-4.34332	-4.12199	-3.14492	-2.71375	1(1)
NAVPS	-5.19623	-4.12199	-3.14492	-2.71375	2(1)
PE	-7.03754	-4.05791	-3.11991	-2.7011	1(1)

Source: The Researcher Using Eview 7.1

4.3 TEST OF HYPOTHESES

Table 4.23: Descriptive Statistics of Operational Variables

	MPS	EPS	NAVPS	PE	INFLATION	INTEREST	EXCHANGE
Mean	12.13800	1.160000	7.230000	9.644000	11.77667	7.560667	136.2920
Median	10.53000	1.310000	6.400000	11.38000	12.22000	7.420000	132.3500
Maximum	25.67000	1.720000	11.16000	22.77000	18.87000	11.06000	167.5000
Minimum	7.240000	-0.030000	4.820000	-23.52000	5.410000	3.510000	102.1100
Std. Dev.	5.561293	0.476535	2.202025	10.21165	3.879784	1.999716	18.64162
Skewness	1.733620	-1.234706	0.505860	-2.319328	0.167073	-0.167425	-0.091695
Kurtosis	4.691872	3.716981	1.770605	8.772904	2.266695	2.660477	2.089316
Jarque-Bera	9.302619	4.132536	1.584368	34.27722	0.405868	0.142125	0.539361
Probability	0.009549	0.006658	0.452855	0.000000	0.006332	0.931403	0.003623
Sum	182.0700	17.40000	108.4500	144.6600	176.6500	113.4100	2044.380
Sum Sq. Dev.	432.9916	3.179200	67.88480	1459.891	210.7381	55.98409	4865.141
Observations	15	15	15	15	15	15	15

Source: Researcher's Computation using Eview 7

From the table above, the mean is a tool for setting benchmark. The median helps in re-ranking and taking the central tendency. Also, the minimum and maximum values help in detecting problem in a data. The standard deviation reveals the deviation from the mean. It measures risk; the higher the standard deviation the higher the risk. The standard deviation of the operational

data chosen are 6%, 0.5%, 2.2%, 10%, 4%, 2% and 19% for MPS, EPS, NAVPS, PE,INFLATION INTEREST, AND EXCHANGE RATE respectively. These therefore show a less than one standard deviation away from the mean value.

The skewness and Kurtosis are contained in Jarque_Bera. Jarque_bera is used to test for normality; to know whether data are normally distributed.Jarque_Beratheory posits that, if probability value is less than 10% we accept the alternative (H_I) meaning that the data are normally distributed if not accept the null, meaning that they are not normally distributed. In this case, the PV values are 0.009549, 0.006658, 0.000000, 0.006332, and 0.003623 for MPS, EPS, PE, INFLATION and EXCHANGErate respectively are normally distributed since the PV values are less than 10%. While 0.452855 and 0.931403 for NAVPS and Interest rate respectively are not normally distributed because the PV values are higher than 10%.

Table 4.24: Test of Multicollinearity

Variance Inflation Factors
Date: 06/20/16 Time: 13:45
Sample: 2000 2014
Included observations: 14

Variable	Coefficient Variance	Uncentered VIF	Centered VIF
C	63.63265	69.75471	NA
DEPS	8.475197	3.151700	3.151582
DNAVPS	0.880418	4.896350	4.890921
DPE	0.020381	5.845490	5.837769
DINFLATION	0.111256	3.085747	3.084967
DINTEREST	0.355246	1.800275	1.789115
DEXCHANGE	0.019200	1.992608	1.533439
CONTROL	699.4204	70.83864	2.162830

Source: Researcher's Computation Using Eview 7.1

Table 4.24 shows that the variance inflation factor (VIF) is less than 10 indicating that there is non existence of multicollinearity among the variables in the model.

The result of the multiple regressions is shown on the tables below:

Table 4.25: Multiple regression Result for Access Bank

Dependent Variable: DMP_ACC
Method: Least Squares
Date: 06/18/16 Time: 15:03
Sample (adjusted): 2001 2014
Included observations: 14 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
DEPS_ACC	3.910909	5.004717	0.781444	0.4643
DNAVPS_ACC	1.462380	0.887252	1.648213	0.1504
DPE_ACC	0.016587	0.031661	0.523879	0.6191
DEXCH	-0.567739	0.146181	-3.883812	0.0081
DINF	0.022686	0.173072	0.131078	0.9000
DINT	0.492238	0.699104	0.704098	0.5078
CROA_ACC	56.46565	20.47682	2.757540	0.0330
C	-5.954812	2.794538	-2.130875	0.0771

R-squared	0.856377	Mean dependent var	0.262143
Adjusted R-squared	0.688816	S.D. dependent var	4.853098
S.E. of regression	2.707244	Akaike info criterion	5.125299
Sum squared resid	43.97502	Schwarz criterion	5.490474
Log likelihood	-27.87709	Hannan-Quinn criter.	5.091495
F-statistic	5.110853	Durbin-Watson stat	1.698949
Prob(F-statistic)	0.032227		

Source: Researcher's Computation Using Eview 7.1

Table 4.26: Multiple regression Result for Diamond Bank

Dependent Variable: DMP_DIA
Method: Least Squares
Date: 06/18/16 Time: 15:08
Sample (adjusted): 2001 2014
Included observations: 14 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	11.87306	5.205109	2.281040	0.0627
DEPS_DIA	5.823696	2.272058	2.563181	0.0427
DNAVPS_DIA	0.402378	0.857706	0.469133	0.6555
DPE_DIA	0.320526	0.100246	3.197389	0.0187
DEXCH	-0.108590	0.123698	-0.877863	0.4138
DINF	-0.188870	0.229835	-0.821763	0.4426
DINT	0.524151	0.551147	0.951019	0.3783
CROA_DIA	-94.13162	44.52852	-2.113962	0.0789

R-squared	0.790990	Mean dependent var	0.816429
Adjusted R-squared	0.547146	S.D. dependent var	4.214440
S.E. of regression	2.836083	Akaike info criterion	5.218284
Sum squared resid	48.26020	Schwarz criterion	5.583460
Log likelihood	-28.52799	Hannan-Quinn criter.	5.184480
F-statistic	3.243832	Durbin-Watson stat	1.772422
Prob(F-statistic)	0.036448		

Source: Researcher's Computation Using Eview 7.1

Table 4.27: Multiple regression Result for Eco Bank

Dependent Variable: DMP_ECO
Method: Least Squares
Date: 06/20/16 Time: 14:07
Sample (adjusted): 2001 2014
Included observations: 14 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-6.297012	6.091319	-1.033768	0.3411
DEPS_ECO	11.25417	5.251154	-2.143181	0.0758
DNAVPS_ECO	0.791181	1.292365	0.612196	0.5629
DPE_ECO	0.016174	0.011419	1.416369	0.2064
DINF	-0.066495	0.224783	-0.295819	0.7773
DINT	-1.591820	0.483179	-3.294470	0.0165
DEXCH	-0.046186	0.090536	-0.510138	0.6282
CROA_ECO	36.58646	36.28869	1.008206	0.3523

R-squared	0.940765	Mean dependent var	0.372143
Adjusted R-squared	0.871657	S.D. dependent var	6.584325
S.E. of regression	2.358836	Akaike info criterion	4.849773
Sum squared resid	33.38465	Schwarz criterion	5.214949
Log likelihood	-25.94841	Hannan-Quinn criter.	4.815969
F-statistic	13.61299	Durbin-Watson stat	1.994886
Prob(F-statistic)	0.002679		

Source: Researcher's Computation Using Eview 7.1

Table 4.28: Multiple regression Result for First Bank

Dependent Variable: DMP_FBN
Method: Least Squares
Date: 06/18/16 Time: 21:11
Sample (adjusted): 2001 2014
Included observations: 14 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	73.16152	38.95521	1.878093	0.1094
DEPS_FBN	-2.282342	2.973827	-0.767476	0.4719
DNAVPS_FBN	-0.106252	0.112076	-0.948029	0.3797
PE_Z	-1.976160	0.983840	-2.008619	0.0913
DINF	-0.285412	0.371800	-0.767650	0.4718
DINT	-0.952647	0.631929	-1.507521	0.1824
DEXCH	-0.702586	0.191950	-3.660255	0.0106
CROA_FBN	-410.4726	230.7763	-1.778660	0.1256

R-squared	0.829052	Mean dependent var	-0.692857
Adjusted R-squared	0.629613	S.D. dependent var	7.462169
S.E. of regression	4.541434	Akaike info criterion	6.159922
Sum squared resid	123.7477	Schwarz criterion	6.525097
Log likelihood	-35.11945	Hannan-Quinn criter.	6.126118
F-statistic	4.156917	Durbin-Watson stat	1.981025
Prob(F-statistic)	0.041320		

Source: Researcher's Computation Using Eview 7.1

Table 4.29: Multiple regression Result for First City Monument Bank

Dependent Variable: DMP_FCM
Method: Least Squares
Date: 06/18/16 Time: 21:22
Sample (adjusted): 2001 2014
Included observations: 14 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	3.390829	1.907681	1.777461	0.1258
DEPS_FCM	0.245052	1.905102	0.128629	0.9019
DNAVPS_FCM	0.306718	1.025905	0.298973	0.7750
DPE_FCM	-0.052202	0.113847	-0.458533	0.6627
DINF	0.256684	0.277328	0.925561	0.3904
DINT	-0.370373	0.567544	-0.652589	0.5382
DEXCH	-0.397189	0.169019	-2.349965	0.0571
CROA_FCMB	-4.095119	3.381187	-1.211148	0.2714

R-squared	0.639325	Mean dependent var	0.578571
Adjusted R-squared	0.011870	S.D. dependent var	4.019121
S.E. of regression	4.015362	Akaike info criterion	5.913691
Sum squared resid	96.73880	Schwarz criterion	6.278867
Log likelihood	-33.39584	Hannan-Quinn criter.	5.879888
F-statistic	1.003479	Durbin-Watson stat	2.002915
Prob(F-statistic)	0.005502		

Source: Researcher's Computation Using Eview 7.1

Table 4.30: Multiple regression Result for Fidelity Bank

Dependent Variable: DMP_FID
Method: Least Squares
Date: 06/20/16 Time: 15:07
Sample (adjusted): 2001 2014
Included observations: 14 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	7.740079	6.086076	1.271768	0.2505
DEPS_FID	14.78543	4.647978	3.181046	0.0191
DNAVPS_FID	0.420230	0.467671	0.898560	0.4035
DPE_FID	0.156217	0.063840	2.447033	0.0050
DINF	0.072587	0.095363	0.761159	0.4754
DINT	0.085391	0.243203	0.351112	0.7375
DEXCH	-0.106715	0.060245	-1.771344	0.1269
CROA_FID	-64.80626	54.62518	-1.186381	0.2803

R-squared	0.853233	Mean dependent var	0.240714
Adjusted R-squared	0.682005	S.D. dependent var	2.445298
S.E. of regression	1.378930	Akaike info criterion	3.776051
Sum squared resid	11.40868	Schwarz criterion	4.141227
Log likelihood	-18.43236	Hannan-Quinn criter.	3.742248
F-statistic	4.983019	Durbin-Watson stat	1.953250
Prob(F-statistic)	0.034166		

Source: Researcher's Computation Using Eview 7.1

Table 4.31: Multiple regression Result for GTB

Dependent Variable: DMP_GTB
Method: Least Squares
Date: 06/18/16 Time: 21:24
Sample (adjusted): 2001 2014
Included observations: 14 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	1.058442	5.607320	0.188761	0.8565
DEPS_GTB	-1.060322	3.023470	-0.350697	0.7378
DNAVPS_GTB	-0.637612	0.848916	-0.751089	0.4810
DPE_GTB	-0.608330	0.329239	-1.847685	0.1142
DINF	-0.308453	0.272458	-1.132111	0.3008
DINT	-0.677629	0.577553	-1.173275	0.2851
DEXCH	-0.588365	0.159964	-3.678102	0.0104
CROA_GTB	29.30774	43.41059	0.675129	0.5247

R-squared	0.820206	Mean dependent var	1.531429
Adjusted R-squared	0.610445	S.D. dependent var	6.472479
S.E. of regression	4.039753	Akaike info criterion	5.925803
Sum squared resid	97.91761	Schwarz criterion	6.290979
Log likelihood	-33.48062	Hannan-Quinn criter.	5.892000
F-statistic	3.910207	Durbin-Watson stat	1.891331
Prob(F-statistic)	0.048597		

Source: Researcher's Computation Using Eview 7.1

Table 4.32: Multiple Regression Result for IBTC

Dependent Variable: DMP_IBTC
Method: Least Squares
Date: 06/18/16 Time: 21:28
Sample (adjusted): 2001 2014
Included observations: 14 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	4.220769	4.085741	1.033049	0.3414
DEPS_IBTC	6.880521	2.928944	2.349147	0.0571
DNAVPS_IBTC	0.563217	1.127645	0.499463	0.6352
DPE_IBTC	0.793955	0.172977	4.589956	0.0037
DINF	0.242446	0.280288	0.864986	0.4203
DINT	-0.010672	0.600435	-0.017774	0.9864
DEXCH	0.011713	0.200194	0.058506	0.9552
CONTR	-2.317168	2.252018	-1.028930	0.3432

R-squared	0.917395	Mean dependent var	1.622143
Adjusted R-squared	0.821023	S.D. dependent var	9.097838
S.E. of regression	3.848906	Akaike info criterion	5.829014
Sum squared resid	88.88446	Schwarz criterion	6.194190
Log likelihood	-32.80310	Hannan-Quinn criter.	5.795211
F-statistic	9.519266	Durbin-Watson stat	2.519083
Prob(F-statistic)	0.006939		

Source: Researcher's Computation Using Eview 7.1

The Durbin-Watson statistics for table 4.29 of 2.519083 showed that there is an autocorrelation issue and it was therefore corrected as shown below;

Table 4.33: Auto Regression Result for IBTC

Dependent Variable: DMP_IBTC
Method: Least Squares
Date: 06/18/16 Time: 21:32
Sample (adjusted): 2002 2014
Included observations: 13 after adjustments
Convergence achieved after 27 iterations

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	4.931774	1.955903	2.521482	0.0653
DEPS_IBTC	8.577085	1.452487	5.905103	0.0041
DNAVPS_IBTC	0.600921	0.555979	1.080833	0.3406
DPE_IBTC	0.535378	0.100488	5.327785	0.0060
DINF	0.635131	0.167461	3.792719	0.0192
DINT	-0.438834	0.327413	-1.340306	0.2512
DEXCH	-0.249238	0.097081	-2.567320	0.0622
CONTR	-1.990742	1.156697	-1.721058	0.1604
AR(1)	-1.075770	0.318548	-3.377108	0.0279

R-squared	0.982259	Mean dependent var	1.743846
Adjusted R-squared	0.946778	S.D. dependent var	9.457460
S.E. of regression	2.181822	Akaike info criterion	4.604158
Sum squared resid	19.04140	Schwarz criterion	4.995277
Log likelihood	-20.92703	Hannan-Quinn criter.	4.523766
F-statistic	27.68393	Durbin-Watson stat	2.131254
Prob(F-statistic)	0.003037		

Inverted AR Roots	-1.08

Source: Researcher's Computation Using Eview 7.1

Table 4.34: Multiple Regression Result for Union Bank of Nigeria

Dependent Variable: DMP_UBN
Method: Least Squares
Date: 06/18/16 Time: 21:34
Sample (adjusted): 2001 2014
Included observations: 14 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-10.09231	6.363387	-1.585997	0.1638
DEPS_UBN	0.347565	0.550964	0.630832	0.5514
DNAVPS_UBN	-0.133623	0.241870	-0.552459	0.6006
DPE_UBN	0.357021	0.117684	3.033739	0.0230
DINF	0.057956	0.268696	0.215695	0.8364
DINT	-3.483215	0.743170	-4.686967	0.0034
DEXCH	-0.701917	0.151928	-4.620065	0.0036
CROA_UBN	81.35876	46.76693	1.739664	0.1326

R-squared	0.927464	Mean dependent var	-1.359286
Adjusted R-squared	0.842838	S.D. dependent var	9.764330
S.E. of regression	3.870943	Akaike info criterion	5.840432
Sum squared resid	89.90518	Schwarz criterion	6.205608
Log likelihood	-32.88303	Hannan-Quinn criter.	5.806629
F-statistic	10.95957	Durbin-Watson stat	2.024630
Prob(F-statistic)	0.004793		

Table 4.35: Multiple Regression Result for United Bank for Africa

Dependent Variable: DMPS_UBA
Method: Least Squares
Date: 06/18/16 Time: 21:35
Sample (adjusted): 2001 2014
Included observations: 14 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	16.25871	5.781179	2.812352	0.0307
DEPS_UBA	-2.868778	0.904814	-3.170571	0.0193
DNAVPS_UBA	1.141198	0.631530	1.807037	0.1208
DPE_UBA	-0.148501	0.042797	-3.469852	0.0133
DINF	-0.251433	0.188480	-1.334000	0.2306
DINT	-2.167950	0.679823	-3.188990	0.0189
DEXCH	-0.578757	0.172769	-3.349898	0.0154
CROA_UBA	-148.4595	57.03859	-2.602790	0.0405

R-squared	0.972092	Mean dependent var	-0.261429
Adjusted R-squared	0.939532	S.D. dependent var	11.08697
S.E. of regression	2.726312	Akaike info criterion	5.139336
Sum squared resid	44.59667	Schwarz criterion	5.504512
Log likelihood	-27.97535	Hannan-Quinn criter.	5.105532
F-statistic	29.85566	Durbin-Watson stat	1.778365
Prob(F-statistic)	0.000298		

Table 4.36: Multiple Regression Result for Zenith Bank

Dependent Variable: DMPS_Z
Method: Least Squares
Date: 06/18/16 Time: 21:36
Sample (adjusted): 2001 2014
Included observations: 14 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	2.239264	1.959914	1.142531	0.2968
DEPS_Z	6.979960	2.379376	2.933525	0.0262
DNAVPS_Z	0.085654	0.847186	0.101104	0.9228
DPE_Z	1.234430	0.397190	3.107908	0.0209
DINF	0.083923	0.317426	0.264386	0.8003
DINT	-0.314155	0.811033	-0.387352	0.7119
DEXCH	-0.616051	0.202459	-3.042839	0.0227
CROA_ZENITH	4.048209	5.717848	0.707995	0.5055

R-squared	0.900262	Mean dependent var	1.160000
Adjusted R-squared	0.783902	S.D. dependent var	10.59371
S.E. of regression	4.924634	Akaike info criterion	6.321936
Sum squared resid	145.5121	Schwarz criterion	6.687112
Log likelihood	-36.25356	Hannan-Quinn criter.	6.288133
F-statistic	7.736823	Durbin-Watson stat	2.148072
Prob(F-statistic)	0.011804		

Source: Researcher's Computation Using Eview 7.1

Table 4.37: Multiple Regression Result for the Banking Sector

Dependent Variable: DMPS
Method: Least Squares
Date: 06/20/16 Time: 12:14
Sample (adjusted): 2001 2014
Included observations: 14 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	4.863061	7.977008	0.609635	0.5645
DEPS	0.545391	2.911219	0.187341	0.8576
DNAVPS	-1.282297	0.938306	-1.366609	0.2207
DPE	-0.161986	0.142762	-1.134661	0.2998
DINFLATION	-0.410294	0.333550	-1.230081	0.2647
DINTEREST	-1.154289	0.596025	-1.936646	0.1009
DEXCHANGE	-0.448376	0.138566	-3.235837	0.0178
CONTROL	-8.447652	26.44656	-0.319424	0.7602

R-squared	0.788051	Mean dependent var	0.402143
Adjusted R-squared	0.540778	S.D. dependent var	5.273585
S.E. of regression	3.573693	Akaike info criterion	5.680635
Sum squared resid	76.62770	Schwarz criterion	6.045811
Log likelihood	-31.76445	Hannan-Quinn criter.	5.646832
F-statistic	3.186964	Durbin-Watson stat	2.728130
Prob(F-statistic)	0.089572		

Source: Researcher's Computation Using Eview 7.1

Table 4.38: Auto Regression Result for the Banking Sector

Dependent Variable: DMPS
Method: Least Squares
Date: 06/20/16 Time: 12:20
Sample (adjusted): 2002 2014
Included observations: 13 after adjustments
Convergence achieved after 17 iterations

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	1.699997	5.531904	0.307308	0.7739
DEPS	0.584435	1.856248	0.314847	0.7686
DNAVPS	-1.978102	0.640686	-3.087473	0.0367
DPE	-0.376113	0.105359	-3.569830	0.0234
DINFLATION	-0.815274	0.249304	-3.270199	0.0308
DINTEREST	-0.804408	0.503798	-1.596687	0.1856
DEXCHANGE	-0.410090	0.080589	-5.088686	0.0070
CONTROL	1.561687	18.26672	0.085494	0.9360
AR(1)	-0.931769	0.246879	-3.774191	0.0195

R-squared	0.920452	Mean dependent var	0.313846
Adjusted R-squared	0.761355	S.D. dependent var	5.478139
S.E. of regression	2.676143	Akaike info criterion	5.012590
Sum squared resid	28.64696	Schwarz criterion	5.403709
Log likelihood	-23.58184	Hannan-Quinn criter.	4.932198
F-statistic	5.785486	Durbin-Watson stat	1.765607
Prob(F-statistic)	0.043800		

Inverted AR Roots	-.93

Source: Researcher's Computation Using Eview 7.1

Table 4.39: Breusch-Godfrey Serial Correlation LM Test:

Date: 06/20/16 Time: 12:26
Sample: 2001 2014
Included observations: 14

Autocorrelation	Partial Correlation		AC	PAC	Q-Stat	Prob
.***| . |	.***| . |	1	-0.421	-0.421	3.0536	0.081
. *| . |	. **| . |	2	-0.095	-0.331	3.2215	0.200
. | . |	. **| . |	3	0.030	-0.221	3.2400	0.356
. |* . |	. | . |	4	0.125	0.011	3.5903	0.464
. **| . |	. **| . |	5	-0.304	-0.325	5.8839	0.318
. |** . |	. | . |	6	0.245	-0.039	7.5699	0.271
. | . |	. | . |	7	-0.032	-0.051	7.6032	0.369
. | . |	. | . |	8	-0.014	-0.009	7.6103	0.472
. | . |	. |* . |	9	0.049	0.140	7.7167	0.563
. *| . |	. **| . |	10	-0.146	-0.207	8.9051	0.541

Source: Researcher's Computation Using Eview 7.1

The probability values on table 4.39 shows figures higher than 5% signifying that the null hypothesis is accepted which states that there is no serial correlation. The model is therefore fit for testing hypothesis.

Table 4.39: Heteroskedasticity Test: Breusch-Pagan-Godfrey

F-statistic	1.500970	Prob. F(7,6)	0.3184
Obs*R-squared	8.911186	Prob. Chi-Square(7)	0.2591
Scaled explained SS	1.052767	Prob. Chi-Square(7)	0.9939

Test Equation:
Dependent Variable: RESID^2
Method: Least Squares
Date: 06/20/16 Time: 12:34
Sample: 2001 2014
Included observations: 14

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	14.03541	12.76154	1.099821	0.3136
DEPS	4.246057	4.657342	0.911691	0.3971
DNAVPS	0.257498	1.501094	0.171540	0.8694
DPE	0.291190	0.228389	1.274977	0.2495
DINFLATION	-0.016720	0.533611	-0.031333	0.9760
DINTEREST	-1.845285	0.953515	-1.935245	0.1011
DEXCHANGE	-0.342396	0.221676	-1.544578	0.1734
CONTROL	-24.76066	42.30896	-0.585234	0.5797

R-squared	0.636513	Mean dependent var	5.473407
Adjusted R-squared	0.212445	S.D. dependent var	6.442289
S.E. of regression	5.717162	Akaike info criterion	6.620381
Sum squared resid	196.1156	Schwarz criterion	6.985557
Log likelihood	-38.34267	Hannan-Quinn criter.	6.586578
F-statistic	1.500970	Durbin-Watson stat	1.768377
Prob(F-statistic)	0.318440		

Source: Researcher's Computation Using Eview 7.1

The result on table 4.39 show the heteroscedastic test, the P-value showed of a 26% which is higher than 5%, we therefore accept the null hypothesis which states that there is no heteroscedasticity. Consequently also, this model is fit for testing the model.

Test of Hypothesis One:

Ho_1: Earnings Per Share (EPS) has no significant and positive relationship
withthe market price of shares (MPS) of Banks listed on the Nigerian Stock Exchange.

The multiple regression on tables 4.25 to 4.38 show that Stanbic IBTC, UBA, Fidelity and Zenith Banks reveal significant influence of EPS on the market price of shares with F-Values of 0.0427, 0.0041, 0.0193, 0.0191 and 0.0262 respectively. The other sampled Banks show an insignificant influence on market share price with F-values of 0.4643, 0.0758, 0.4719, 0.9019, 0.7378 and 0.5514 for Access Bank, Eco Bank, First Bank, FCMB, GTB and Union Bank. Moreover, the multi-regressions ran for the sector collectively on table 4.38 further reveal an insignificant influence of EPS on MPS with F-value of 0.7086. The model as shown on table 4.38 is shown below:

MPS = 14.0 + 0.58EPS – 1.98NAVPS – 0.38PE – 0.82INF – 0.80INT – 0.41Exch – 1.56ROA

The model above show that,for there to be a unit of change in the market price of share in the Nigerian quoted banks, EPS will have 0.58 multiplying effect. We can therefore accept the null hypothesis with a minor modification; that is: Earnings Per Share (EPS) has no significant but positive relationship with market price of shares (MPS) of Banks listed on the Nigerian Stock Exchange. This is in contrast with the findings of Ike-Ikweremadu (2014).

Test of Hypotheses Two

Net Asset Value Per Share (NAVPS) has no significant and positive relationship with the market price of shares (MPS) of Banks listed on the Nigerian Stock Exchange.

None of the sampled banks show a significant influence of NAVPS on MPS. They all displayed an insignificant relationship with F-values of 0.1504, 0.6555, 0.5629, 0.3797, 0.7750, 0.4810, 0.3406, 0.6006, 0.1208, 0.4035 and 0.9228 for Access Bank, Diamond Bank, Eco Bank, First Bank, FCMB, GTB, IBTC, Union Bank, UBA Fidelity and Zenith Bank respectively. However, there seem to be a controversy with the result of the multi-regressions of the sector as a whole. The result show a significant influence of NAVPS on EPS with F-value of 0.036. Further, the

model :MPS = 14.0 + 0.58EPS – 1.98NAVPS – 0.38PE – 0.82INF – 0.80INT – 0.41Exch – 1.56ROA reveal a negative relationship between MPS and NAVPS. We can therefore infer that NAVPS in the Banking sector has a significant relation with MPS, the null hypothesis is therefore rejected with modification. This is,Net Asset Value Per Share (NAVPS) has a significant and negative relationship with market price of shares (MPS) of Banks listed on the Nigerian Stock Exchange.

Test of Hypothesis Three

Price-Earnings Ratio has no significant and positive relationship with the market price of shares of Banks listed on the Nigerian Stock Exchange.

Six banks displayed a significant relationship between MPS and PE. These banks are Diamond Bank, IBTC, Union Bank, UBA, Fidelity and Zenith Bank with F-values of 0.0187, 0.0060, 0.0230, 0.0133, 0.0050 and 0.0209 respectively; while other sampled Banks had insignificant influence of PE on MPS. Moreover, the multi-regression result of the sector as a whole show a significant influence of PE on MPS with F-values of 0.0234. Also the model below reveal a negative contribution to a unit of change in MPS:

MPS = 14.0 + 0.58EPS – 1.98NAVPS – 0.38PE – 0.82INF – 0.80INT – 0.41Exch – 1.56ROA

Consequently, the null hypothesis is rejected with modification, that is:Price-Earnings Ratio has a significant and Negative relationship with the market prices of share of Banks listed on the Nigerian Stock Exchange.

Test of Hypothesis Four:

There is no significant and positive relationship between inflation rate and the market price of shares of Banks listed on the Nigerian Stock Exchange.

Only IBTC had inflation influencing MPS significantly. The other ten sampled Banks displayed insignificant relationship with F-values of 0.90, 0.44, 0.78, 0.47, 0.39, 0.30, 0.84, 0.23, 0.48 and 0.80 for Access Bank, Diamond Bank, Eco Bank, First Bank, FCMB, GTB, Union Bank, UBA, Fidelity and Zenith Bank respectively. However this is in contrast with the multi-regression result of the Banking sector as a whole which showed a significant relationship with F-value of 0.0308 it also show a negative relationship. We can therefore posit that there is a negative significant synergic influence of inflation on MPS in the banking industry, Therefore the null hypothesis is rejected for the alternative.

Hypothesis Five

Interest Rate has no significant and positive relationship with the market price of shares of Banks listed on the Nigerian Stock Exchange.

Three Banks showed a significant influence of Interest rate on MPS; these Banks are Eco Bank, Union Bank and UBA with F-Values of 0.0165, 0.0034 and 0.0189 respectively; while Access Bank, Diamond Bank, First Bank, FCMB, GTB, IBTC, Fidelity and Zenith displayed an insignificant influence of Interest rate on MPS with F-values of 0.5078, 0.3783, 0.1824, 0.5382, 0.2851,0.2512, 0.7175 and 0.7119 respectively. The multi-regression result of the sector as a whole further confirms an insignificant relationship between interest rate and MPS with F-value of 0.1856. The model below show a negative relationship of -0.80 meaning that for a unit change in MPS there must be a multiplying effect of -0.80 in interest rate. Consequently, null hypothesis is accepted.

MPS = 14.0 + 0.58EPS – 1.98NAVPS – 0.38PE – 0.82INF – 0.80INT – 0.41Exch – 1.56ROA

Test of Hypothesis Six

There is no significant and positive relationship between Exchange rate and the market price of shares of Banks listed on the Nigerian Stock Exchange.

Exchange rate showed a significant influence on MPS as shown by six of the sampled Banks with F-values of 0.0081, 0.0106, 0.0104, 0.0036, 0.0154 and 0.0227 for Access Bank, First Bank, GTB, Union Bank, UBA and Zenith Bank respectively. The Multi-regression for the sector as a whole further confirms this with an F-value of 0.0227.The model:

MPS = 14.0 + 0.58EPS – 1.98NAVPS – 0.38PE – 0.82INF – 0.80INT – 0.41Exch – 1.56ROA

shows that for there to be a unit change in MPS exchange rate must have a multiplying effect of -0.41 on MPS of the banks listed in the Nigerian stock exchange.

4.4 Discussion of Findings

The results from the Banks studied showdifferent point of view viz-a-viz other sectors. Little wonder why Bank shares are quiet more volatile. The discussion of the findings shall be discussed under the following heading:

4.4.1 The Relationship between EPS and Market Share Price

Earnings Per Share is expected to be an informative tool to the shareholders, exhibiting the potentials of long term earnings which are likely to attract investor’s patronage thereby

increasing share price when we consider the force of demand and supply. Malhotra and Tandon (2013) subscribe to the fact that, the higher the earnings per share the more are the scope for a higher rate of Dividend and also that of retained earnings. The first hypothesis tests the relationship between EPS and MPS. The multi-regression on the individual Banks revealed that Stanbic IBTC, UBA, Fidelity and Zenith Banks showsignificant influence of EPS on the market price of shares with F-Values of 0.0427, 0.0041, 0.0193, 0.0191 and 0.0262 respectively. While the other six sampled Banks show an insignificant influence of EPS on market share price with F-values of 0.4643, 0.0758, 0.4719, 0.9019, 0.7378 and 0.5514 for Access Bank, Eco Bank, First Bank, FCMB, GTB and Union Bank. Moreover, the multi-regressions ran for the sector collectively further reveal an insignificant influence of EPS on MPS with F-value of 0.7086. The model as shown on table revealed that the relationship is a positive one with B-value of 0.58.The result therefore shows that EPS is positively and insignificantly related to share prices of Banks in Nigeria. This result is consistent with authors such as that of Balkrishan (1984), Sen& Ray (2003), Somoye, Akintoye & Oseni (2009), Raza (2010), Serife & Ugur (2012) and Menaje 2012. Manaje (2012) studied impact of accounting variables on stock price of Banks in the philistine and this study show a similar result with his work. Banks seem to follow a different pattern from other industries as related to the relationship between share price and EPS.

Moreover, studies such as Kumar &Hundal (1986), Baskin(1989), Malhotra&Prakash (2001), Demir (2001), Jindrichovska (2001), Zhu (2003), Myers & Frank (2004), Al-Deehani (2005), Somoye, Akintoye & Oseni (2009), Sharma (2011), Placido (2012), Mgbame (2013), Emamgholipour, Pouraghajan, Tabari, Haghparast & Shirsavar (2013), Asma, Aamir, Amara & Shahid (2013), Limento & Djuaeriah (2013) and Nidhi & Kamini (2013) show a contrary view from this study.

4.4.2 **The Relationship between NAVPS and Market Share Price**

The NAVPS measures the amount of assets a firm has on behalf of each Equity share. This shows the net investment per share made in business by each Shareholder. NAVPS is calculated as a firm's non current and current asset less the value of non current and current liabilities divided by numbers of outstanding ordinary shares (Ike-Ekweremadu, 2014). This hypothesis test the relationship between NAVPS and MPS. The result show that all the Bank's NAVPS displayed an insignificant influence on MPS with F-values of 0.1504, 0.6555, 0.5629, 0.3797, 0.7750, 0.4810, 0.3406, 0.6006, 0.1208, 0.4035 and 0.9228 for Access Bank, Diamond Bank, Eco Bank, First Bank, FCMB, GTB, IBTC, Union Bank, UBA Fidelity and Zenith Bank

respectively. However, there seem to be a controversy with the result of the multi-regressions of the sector as a whole. The result shows a significant influence of NAVPS on EPS with F-value of 0.036. Further, the model reveal a negative relationship between MPS and NAVPS. We can therefore infer that NAVPS in the Banking sector has a significant relation with MPS when the industry is taken as a whole, the null hypothesis is therefore rejected with modification. This is, Net Asset Value Per Share (NAVPS) has a significant and negative relationship with market price of shares (MPS) of Banks listed on the Nigerian Stock Exchange.This study is consistent with studies such as Malhotra&Prakash (2001), Jindrichovska (2001), Uddin (2009) and Serife&Ugur (2012). The implication of this is that an increase in NAVPS will result also to a negatively significant decrease in the market price of equity shares in the Nigerian Banks. This is not consistent with the findings

4.4.3 **The Relationship between Price-Earnings Ratio and Market Share Price**

Price-Earnings ratio is simply the Market Price of Shares divided by Earnings per Share. The PE provides investors with information on the time required to cover his investment in a company's stock. This hypothesis test the extent PE relate with MPS in the Banking Industry.Six banks displayed a significant relationship between MPS and PE. These banks are Diamond Bank, IBTC, Union Bank, UBA, Fidelity and Zenith Bank with F-values of 0.0187, 0.0060, 0.0230, 0.0133, 0.0050 and 0.0209 respectively; while five of the sampled Banks had insignificant influence of PE on MPS. Also, the multi-regression result of the sector as a whole show a significant influence of PE on MPS with F-values of 0.0234. The model reveal a negative contribution to a unit of change in MPS Consequently, the null hypothesis is rejected with modification, that is: Price-Earnings Ratio has a significant and Negative relationship with the market prices of share of Banks listed on the Nigerian Stock ExchangeThe implication of this is that as Price-Earnings Ratio increases, Market price will decrease significantly. There is therefore significantlynegative relationship between PE and MPS in the Banking Industry in Nigeria. This is quite unusual because one will natural think that investors will be concerned with exactly when they will recoup their investment. This simply show that either investors are not knowledgeable enough on shares issues or are concerned basically with the value they can earn now. This is not exactly consistent with the findings of Ike-Ekweremadu (2014) who had a positive and significant relationship in his study of the Nigerian Breweries. This findings further show that, the share price movement pattern of the Banking industry differ from other sectors. This study aligns with the study of Demir (2001) which showed that Financial leverage ratio, profitability ratio, dividend payout ratio, price to earnings ratio, market value-book value ratio,

turnover ratio, Earnings per share and Net profit growth rate are found to be effective on stock value. Further, Irmala, Sanju&Ramachandran (2011) who investigated the determinants of share prices in the Indian market found that DPS, Price-Earnings ratio and Leverage are significant determinants. Also Nidhi & Kamini (2013) in their study on the factors that effect stock prices in the context of National Stock Exchange of India concluded that EPS and Price-Earning-Ratio were significant.

However the study is not consistent with Serife&Ugur (2012) who differedin their study on the internal determinants of the stock price movement on sector basis. The study show that only book value was significant while total assets turnover ratio, dept ratio, current ratio, net profit margin, price to earnings ratio were insignificant.

4.4.4 **The Relationship between Inflation and Market Share Price**

This hypothesis is to test whether there is a significant relationship between MPS and inflation. One would want to presume that, ordinarily inflation causes a general increase in items significantly. However, the result shows that only IBTC had inflation influencing MPS significantly. The other ten sampled Banks displayed insignificant relationship with F-values of 0.90, 0.44, 0.78, 0.47, 0.39, 0.30, 0.84, 0.23, 0.48 and 0.80 for Access Bank, Diamond Bank, Eco Bank, First Bank, FCMB, GTB, Union Bank, UBA, Fidelity and Zenith Bank respectively. However this is in contrast with the multi-regression result of the Banking sector as a whole which showed a significant relationship with F-value of 0.0308 it also show a negative relationship. We can therefore posit that a negative significant synergic influence of inflation on MPS in the \banking industry, Therefore the null hypothesis is accepted. The implication of this is that, as inflation increases the market prices of shares will significantly drop.

This result is inconsistent with the study of Uddin (2009) who studied the impact of micro and macro economic factors on share price performance of bank leasing and insurance companies in the Dhaka stock exchange in Bangladesh and the study revealed that Net asset value per share, dividend percentage, and earnings per share were significant. The relationship between market returns and macro economic factors was however not statistically significant. Similarly Menaje (2012) studied the impact of accounting variables on stock price of Banks in the philistine and found that only e-month treasury bill rate was significant while Earnings per Share, Cash Flows

per Share, Cash Dividend per Share, Inflation Rate were insignificant.Limento & Djuaeriah (2013) also studied The correlation between Ratio Analysis and macroeconomic indicators with stock price in nine publicly listed transport companies in Indonesia and their study revealed that Only TAT and EPS have a significant correlation with share price. Return while On Assets (ROA), Return On Equity (ROE), Net Profit Margin (NPM), Debt-Equity Ratio (DER), Total Asset Turnover (TAT), Current only Ratio (CR), Price Book Value (PBV), inflation are insignificant.

However, studies such asArodoye (2012) had a similar revelation. The study investigated the impact of macroeconomic variables on the determination stock prices in Nigeria and it revealed that there is a long-run relationship between stock prices, inflation rate and real gross domestic product. The import of this finding therefore is that, as inflation increases, share price of listed Banks will reduce significantly.

4.4.5 **The Relationship between Interest Rate and Market Share Price**

The interest used is termed Interest rate spread which is the interest rate charged by banks on loans to private sector customers minus the interest rate paid by commercial or similar banks for demand, time, or savings deposits. The terms and conditions attached to these rates differ by country, however, limiting their comparability (http://www.cenbank.org/rates/ExchangeArchives.asp).

This hypothesis test to what extent Interest rate relate with Share price of listed Banks in Nigeria. The result show that three Banks showed a significant influence of Interest rate on MPS; these Banks are Eco Bank, Union Bank and UBA with F-Values of 0.0165, 0.0034 and 0.0189 respectively; while Access Bank, Diamond Bank, First Bank, FCMB, GTB, IBTC, Fidelity and Zenith displayed an insignificant influence of Interest rate on MPS with F-values of 0.5078, 0.3783, 0.1824, 0.5382, 0.2851, 0.2512, 0.7175 and 0.7119 respectively. The multi-regression result of the sector as a whole further confirms an insignificant relationship between interest rate and MPS with F-value of 0.1856. The model below show a negative relationship of -0.80 meaning that for a unit change in MPS there must be a multiplying effect of -0.80 in interest rate. Consequently, the null hypothesis is accepted. The import of this is that as Interest rate increases share price will reduce though insignificantly.

4.4.5 **The Relationship between Exchange Rate and Market Share Price**

This hypothesis test the relationship between Exchange rate and Share price. Aburime(2009) examined the long run and short run interactions between stock prices and exchange rate in Nigeria and the studied showed that there is a strong evidence of long run bi-directional relationship between stock prices and exchange rates exist. Similar, Maku&Atanda (2010) Critically examined the long run macro-economic determinants of stock market performance in Nigeria between 1984 and 2007 and found that Stock price changes were mainly determined by exchange rate, consumer price index (a measure of inflation), broad money supply and real output.

The regression result from the sampled Banks is in consonant with the work of Aburime (2009) and Maku&Atanda (2010). Exchange rate showed a significant influence on MPS as shown by six of the sampled Banks with F-values of 0.0081, 0.0106, 0.0104, 0.0036, 0.0154 and 0.0227 for Access Bank, First Bank, GTB, Union Bank, UBA and Zenith Bank respectively. The Multi-regression for the sector as a whole further confirms this with an F-value of 0.0227. The modelshows that for there to be a unit change in MPS exchange rate must have a multiplying effect of -0.41 on MPS of the banks listed in the Nigerian stock exchange. This is not in line with the findings of Gupta, Alain & Fran (2008) who examined the relationship between the interest rate, exchange rate and stock price in the Jakarta stock exchange and found out that exchange rate had no significant relationship.

CHAPTER FIVE

SUMMARY CONCLUSION AND RECOMMENDATION

5.1 SUMMARY OF FINDINGS

This study aims to investigate the internal and external determinants of equity share prices in the listed Banks in Nigeria using the ordinary least square approach. The findings are summarized as follows:

5.1.1 Hypothesis One

The multi-regression on the individual Banks revealed that Stanbic IBTC, UBA, Fidelity and Zenith Banks show significant influence of EPS on the market price of shares. While Access Bank, Eco Bank, First Bank, FCMB, GTB and Union Bank. Moreover, the multi-regressions ran for the sector collectively further reveal an insignificant influence of EPS on MPS. The model as revealed that the relationship is a positive one with B-value of 0.58.The result therefore shows that EPS is positively but insignificantly related to share prices of Banks in Nigeria. It therefore means that as EPS increases share price will also increase though insignificantly.

5.1.2 Hypothesis Two

This hypothesis tested for the extent of effect of NAVPS on MPS. The result revealed that the entire sampled Bank's NAVPS displayed an insignificant influence on MPS. However, the result of the multi-regressions of the sector as a whole shows a significant influence of NAVPS on EPS with F-value of 0.036. Further, the model reveals a negative relationship between MPS and NAVPS. We can therefore infer that NAVPS in the Banking sector has a significant relation with MPS when the industry is taken as a whole; the null hypothesis is therefore rejected with modification. That is, Net Asset Value Per Share (NAVPS) has a significant and negative relationship with market price of shares (MPS) of Banks listed on the Nigerian Stock Exchange.

5.1.3 Hypothesis Three

This hypothesis tested for the extent of effect that PE has on MPS in the Nigerian Banking Industry. Six banks displayed a significant relationship between MPS and PE. These banks are Diamond Bank, IBTC, Union Bank, UBA, Fidelity and Zenith Bank while five of the sampled Banks had insignificant influence of PE on MPS. Also, the multi-regression result of the sector as a whole show a significant influence of PE on MPS with F-value of 0.0234. The model reveals a negative contribution to a unit of change in MPS. Consequently, the null hypothesis is

rejected with modification that is: Price-Earnings Ratio has a significant and Negative relationship with the market prices of share of Banks listed on the Nigerian Stock Exchange. The implication of this is that as Price-Earnings Ratio increases, Market price will decrease significantly. There is therefore significantly negative relationship between PE and MPS in the Banking Industry in Nigeria.

5.1.4 Hypothesis Four

This hypothesis aim to determine the extent of effect inflation has on MPS of Banks in Nigeria. The result shows that only IBTC had inflation influencing MPS significantly. The other ten sampled Banks displayed insignificant relationship. However this is in contrast with the multi-regression result of the Banking sector as a whole which showed a significant relationship and a negative relationship. We can therefore posit that there is a negative significant synergic influence of inflation on MPS in the banking industry, Therefore the null hypothesis is rejected. The implication of this is that, as inflation increases the market prices of shares will significantly drop.

5.1.5 Hypothesis Five

This hypothesis tests whether there is a significant and positive relationship between Interest rate and MPS in the Nigerian Banking Industry. The result show that Union Bank and UBA show a significant relationship; while Access Bank, Diamond Bank, First Bank, FCMB, GTB, IBTC, Fidelity and Zenith displayed an insignificant influence of Interest rate on MPS. The multi-regression result of the sector as a whole further confirms an insignificant relationship between interest rate and MPS. The model show a negative relationship meaning that for a unit change in MPS there must be a multiplying effect of -0.80 in interest rate. Consequently, the null hypothesis is accepted. The import of this is that as Interest rate increases share price will reduce though insignificantly.

5.1.6 Hypothesis Six

This hypothesis aimed to test if there is a significant and positive relationship between Exchange rate and movement in market prices of shares of Banks listed on the Nigerian Stock Exchange. Exchange rate showed a significant influence on MPS as shown by six of the sampled Banks namely: Access Bank, First Bank, GTB, Union Bank, UBA and Zenith Bank. The Multi-regression for the sector as a whole further confirms this. The model shows that for there to be a unit change in MPS exchange rate must have a multiplying effect of -0.41 on MPS of the banks

listed in the Nigerian stock exchange.The implication of this is that, as exchange rate increases the value of the Share prices in the listed Banks in Nigeria will reduce.

5.2 CONCLUSION

From the discussions of the findings, the following conclusions were drawn: Earnings per share have an insignificant and positive relationship with share prices of listed Banks in Nigeria. The import of this is that, as EPS increases, Share prices in the Banking Industry will increase though insignificantly.

NAVPS has a negative and significant relationship with share prices of the listed Banks in Nigeria. Meaning that, share prices in the Banking Industry will decrease as NAVPS increases significantly. Further, PE displays the same relationship with NAVPS. It showed significant but negative relationship with the share prices of the listed Banks in Nigeria.

Inflation rate display a negatively significant relationship with the share prices of the listed Banks in Nigeria. This means that higher the inflation, the lower share price. Little wonder why share prices are crashing despite the inflation in the economy.

Interest rate display a negatively insignificant relationship with the share prices of the listed Banks in Nigeria. This means that as interest rate increases, share prices will fall though insignificantly.

Exchange rate has a significant but negative relationship with the share prices of the listed Banks in Nigeria. Meaning that, as Exchange rate increases, share price will drop significantly.

5.3 RECOMMENDATION

1. The listed Banks in Nigeria should endeavour to improve on their Earnings per share as it will increase their share price though not significantly. Dividend per share which is a fall out from earnings could send the positive signals to investors that the company is doing well. Firms can ultimately achieve this by improving their sales through factors such as advert and improvement on products and packaging. Also the reduction of all unnecessary cost will help.
2. Banks do not necessarily need to expend much on assets as it does not have positive influence on the share price in the long run. Little wonder while Banks with heavy assets were crashing before now.

3. Interest rate is negatively significant; this shows that the higher the interest rate the lower the share price though insignificant. Consequently, Government should help put policies in place in order to reduce interest rate as much as possible if Banks share prices must increase.
4. Inflation has a negative and significant relationship with the share prices of the listed Banks in Nigeria. This is an indication that the higher inflation the lower share price of the Nigerian Banks. Government should therefore endeavour to make policies that will reduce inflation to a bearable extent. This is important because, the wellbeing of the stock market is an indication that the economy has not depressed.
5. Exchange rate revealed a negative and significant relationship with the share prices of the listed Banks in Nigeria. This is an indication that the higher the Exchange rate the significantly lower the share price of the Nigerian Banks. Government should therefore endeavour to make policies that will reduce the exchange rate to a bearable extent. This is important because, the wellbeing of the stock market is an indication that the economy has not depressed.

5.4 CONTRIBUTION TO KNOWLEDGE

This project has contributed to knowledge in the following ways:

1. Provided empirical evidence of the determinants of share prices; and the peculiar pattern that this determinants play out in the Banking Industry which seemingly differ to other industries studied.
2. Provision of a model showing the relationship of the determinants of share price which can be used as a framework for setting policies to help improve share prices increment in the Banking Industries.
3. Has provided a road map that can be used for further research on the determinants of Equity share price in the Banking Industry; this is so because most of the variable chosen showed insignificant relationship with share price, thus other non-quantitative variables could be studied.

5.6 SUGGESTION TO FURTHER STUDIES

In view of the limitations encountered in this study, the following suggestions are made for further research:

1. Other Qualitative variable should be included in the model with aim of incorporating the psycho analysis aspect of the factors that affect share price movement in the Banking Industry.
2. Data should be extended backward to include periods of interesting innovations such as change from military to democracy in 1999, enacting of laws such as BOFIA 1990. CAMA 1990 etc.
3. Other Quantitative variables can be included such as Dividend Per Share, Return on Investment, Return on Equity.

REFERENCE

13 Nigerian banks make top 1000 World Banks ranking. (n.d.). Retrieved September 16, 2015, from http://www.thebanker.com

Abate, J. A., Grant, J. L., & Stewart, B. G. (2004). The EVA style of investing. *Journal of Portfolio Management, 30*(4), 61-72.

Abu, H. K. (2003.). The role of published accounting information in predicting of stock prices: an applied study on listed corporations on Amman stock exchange. Amman,, Jordan: Al Basa'er Magazine/ Petra University.

Abu, S. (2008). The impact of returns and risks on share prices: an applied study on industrial corporations listed at Amman stock exchange. Amman, Jordan: unpublished Doctorate Thesis, Arab Amman University.

Abugri, B. (2008). Empirical relationship between macroeconomic volatility and stock returns: Evidence from Latin American markets. *International Review of financial Analysis*.

Aburime, U. (2009, October). *Determinants of bank profitability: company-level evidence from Nigeria*. Retrieved April 17th, 2015, from http://ssrn.com/abstract = 1106825.

Adelegan, O. J. (2000). An empirical analysis of the relationship between cash flows and dividend changes. *A paper presented at the 23rd Annual Congress of the European Accounting Association*, (p. 5). Munich, Germany .

Adenso-Diaz, B. & Gascon, F. (1997). Linking and weighting efficiency estimates with stock performance in Banking firms. Wharton School Working Paper, 97/21.

Aduda, J. Masila, J. M. & Onsongo, E. N. (2012). The determinants of stock market development the case for the Nairobi Stock Exchange. *International Journal of Humanities and Social Science.*, 109-190.

Ahmed, H., & Javid, A. (2009). Dynamics and determinants of dividend policy in Pakistan: evidence from Karachi stock exchange non financial firms. *International Journal of Finance and Economics*, (25), 148-171.

Ajayi, R. A. & Mougoue, M. (1996). On the dynamic relation between stock prices and exchange rates. *The Journal of Financial Research, 19*, 193-207.

Akbar, M., & Baig, H. H. (2010). Reaction of stock prices to dividend announcements and market efficiency in Pakistan. *The Lahore Journal of Economics*, 15 (1), 103-125.

AL Khalaileh, M. (2001). The relationship between accounting performance indexes and market performance indexes: an applied study on listed corporations at Amman security exchange. Amman, Jordan: Administrative Sciences Studies Magazine, Jordan University.

AL Qudah, Y. M. (2004.). The role of accounting revelation in showing the real arket value of exchanged corporations' stocks in Amman security exchange. Amman, Jordan: unpublished thesis, Arab Amman University for Higher Studies.

AL- Shubiri, F. (2010). Analysis the determinants of market stock price movements: an empirical study of Jordanian commercial banks. *International Journal of Business & Management*, 5 (10):137. Available at: http://connection.ebscohost.com/c/articles/56104197/analysis-determinants-market-stock-pricemovements.

AL Taher, M. (2003.). Profits distribution policy and its impact on the market stock price: an applied study on one sample of commercial banks at Amman security exchange. *(22)*. Beit Lahem: Beit Lahem University Magazine.

Al-Deehani, T. M. (2005). Determinants of dividend policy: the case of Kuwait. *The Arab Journal of Economic and Administrative Sciences, 19*(2), 59-76.

AL-Kurdi, A. (2005). The ability range of published accounting information on stock prices prediction: an applied study on public shareholding Corporations on Amman Security Exchange. unpublished Doctorate Thesis, Arab Academy for Financial and Banking Sciences, Amman,Jordan.

Allen, D. E. & Rachim, V. S. (1996). Dividend policy and stock price volatility: Australian evidence. *Journal of Applied Economics, 6*, 175-88.

Al-Malkawi, H. (2007). Determinants of corporate dividend policy in Jordan: an application of the Tobit model. *Journal of Applied Accounting Research, 23*, 44-70.

Almumani, M. A. (2014). Determinants of the equity share price of the listed banks in Amman stock exchange: Quantitative Approach. *International Journal of Business and Social Science*, 5(1).

Al-Omar, H., & Almutairi. A. (2008). *The relationship between the Kuwait banks share prices and their attributes.* Kuwait: Fasial publishers.

Al-Shubiri. (2010). Analysis of the determinant of market stock price movement: an emperical study of Jodanian comercial Banks. *International Journal of Business and Management*, http://www.ccsenet.org/journal/index.php/ijbm/article/download.

Al-Tamimi, H. A., Alwan, A. A. & Abdel Rahman, A. A. (2011). Factors affecting stock prices in UAE financial markets. *Journal of Transnational Management, 16*(1), 3-19.

Al-Tamini, H. (n.d.). Factors affecting stock prices in the UAE financial markets. *Singapore Economic Review Conference.* htt://editorialexpress.com/conference.SARC2007.

Ambarish, R., Williams, J., & John, K. (1987). Efficient signaling with dividends and investments. *Journal of Finance*, (42), 321-343.

Amidu, M. (2007). How Does Dividend Policy Affect Performance of the Firm on Ghana Tock Exchange? . *Investment Management and Financial Innovations*, 4 (2), 103-112.

Aminu, U., Gbenga, A. & Bolaji, E. K. (2014). Democracy and the performance of the Nigerian economy. *International Journal of Humanities and Social Science, 4*(10), 196-206.

Arodoye, N. L. (2012). An econometric analysis of the impact of macroeconomic variables on stock prices in Nigeria: a vector autoregression (VAR) model approach. *International Review of Business and Social Sciences, 1*(8), 63-77.

Asika, N. (2005). *Research methodology in the behavioral sciences.* Lagos: Longman Nig. PLC.

Asma R. C., Aamir A., Amara & Shahid A. (2013). Determining the impact of Dividends, Earnings, Invested Capital and Retained Earnings on Stock Prices in Pakistan: An Empirical Study. Accessed from: http://www.publishingindia.com. Accessed on : 18th April, 2015.

Asquith, P., & Mullins, D. W. (1986). The impact of initiating dividend payments on shareholders' wealth. *Journal of Business*, 1 (46), 77-96.

Ataollah, M. M.i, Wan F. W., & Veeri C. A. (2013). The effects of disclosure of non-financial performance indicators on stock price estimate in Iran. *Australian Journal of Basic and Applied Sciences*, 7(4), 563-574.

Austin, I. (2006). *The impact of regulation and supervisiion on the activities of banks in Nigeria.* St. Clements University.

Bacidore, J. M., Boquist, J. A., Milbourn, T. T. & Thakor, A. V. (1997). The Search for the best financial performance measure. *Financial Analysts Journal, 52*(3), 11-20.

Bajaj & Vijh. (1995). Trading behavior and the unbiasedness of the market reaction to dividend announcements. *The Journal of Finance*, 50, 255 - 279.

Baker, H. K. Powell, G. E. and Viet E. T. (2002). Revisiting managerial Perspective on Dividend Policy. *Journals of Economic and Finance*.

Baker, H. K., Mukherjee, T. K., & Paskelian, O. G. (2006). How Norwegian Managers View Dividend Policy. *Global Finance Journal*, 7 (1), 155-176.

Balkrishan, N. (1984). Determinant of equity price in India. *Management accountant, 6*, 728-730.

Ball, R., Brown, P., Finn, F. & Officer, R. R. (1979). Dividends and the value of the firm: evidence from the australian equity market. *Australian Journal of Management*, 4 (1), 13-26.

Ball, R., Kothari, S. P., & Watts, R. L. (1993). Economic determinants of the relation between earnings changes and stock returns. *The Accounting Review*, *68*(3), 622-638.

Ballas, A. A. (1999). Valuation implications of the components of exceptional and extraordinary items. *British Accounting Review*, *31*(3), 281-295.

Bao, B-H.& Bao, D-H. (1998). Usefulness of value added and abnormal economic earnings: an empirical examination. *Journal of Business Finance and Accounting*, *25*(1-2), 251-265.

Barth, S. (2001). *Learning by hearth.* San Francisco: Jossey-Bass.

Baskin, J. (1989). Dividend policy and the volatility of common stock. *Journal of Portfolio Management, 15*, 19-25.

Beaver, W. H. (1968). The information content of annual earnings announcements. *Journal of Accounting Research*, 67-92.

Beccalli, E., Casu, B. & Girardone, C. (2006). Efficiency and stock performance in European Banking. *Journal of Business Finance & Accounting, 33*, 245–262.

Biddle, G. C., Bowen, R. M. & Wallace, J. S. (1997). Does EVA beat earnings? evidence on associations with stock returns and firm values. *Journal of Accounting and Economics, 24*(3), 301-336.

Boamah K. B., Richard T., & Opoku F. E. (2014). Industry Sector Determinants Of Dividend Policy And Its Effect On Share Prices In Ghana . *International Journal of Economics, Business and Finance*, Vol. 2, No. 5, 1 - 19.

Bollerslev, T., Tauchen, G., & Zhou, H. (2009). Expected stock returns and variance risk premia. *The Review of Financial Studies*, 22 (11), 4463-4492.

Booth, G. G., Broussard, J. & Loistl, D. O. (1997). Earnings and stock returns: evidence from Germany. *The European Accounting Review, 6*(4), 589-603.

Brian, T. (2011, April). *The meaning and concept of shares*. Retrieved January 21, 2016, from blogspot.com.ng: http://accountlearning.blogspot.com.ng/2011/04/meaning-and-concept-of-equity-shares.html

Buigut, K. Soi, N. Koskei, I. & Kibet, J. (2013). The effect of capital structure on share price on listed firms in Kenya. A case of energy listed firms. *European Journal of Business and Management., 5*, 9.

Campbell, J. Y., & Vuolteenaho, T. O. (2004). Bad beta, good beta. *American Economic Review*, 94, 1249–75.

Campbell, J. Y., Polk, C., & Vuolteenaho, T. (2010). Growth or glamour? fundamentals and systematic risk in stock returns. *The Review of Financial Studies*, 23 (1), 305-344.

Canbas, S., Kandir, S. Y., & Erismis, A. (2007). *Finans Politik & Ekonomik Yorumlar*.

Charles A. Yartey. (2008). The determinants of stock market development in emerging economies: is South Africa different? *International Monetary Fund Working Paper*, 1-30.

Chen, J. P., S. Chen & Su, X. (2001). Is accounting information value-relevant in the emerging chinese stock market? *Journal of International Accounting, Auditing & Taxation, 10*(1), 1-22.

Chen, P. & Zhang, G. (2003). Combining Balance-Sheet information with earnings to explain stock returns: Theory and evidence. Working paper, Hong Kong University of Science & Technology.

Chen, S. & Dodd, J. L. (1997). Economic Value Added: an empirical examination of a new corporate performance measure. *Journal of Managerial Issues, 9*(3), 318-333.

Cheung, J. K., Kim, J-B. & Lee, J. (1999). The impact of institutional characteristics on return-earnings associations in Japan. *The International Journal of Accounting, 34*(4), 571-596.

Chu, S.F. & Lim, G.H. (1998). Share performance and profit efficiency of Banks in an oligopolistic market: evidence from Singapore. *Journal of Multinational Financial Management, 8*, 155–68.

Cochrane, J. (1991). Volatility tests and efficient markets: a review essay. *Journal of Monetary Economics*, *27*(3), 463-485.

Collins, J. (1957). How to study the behaviour of bank. *The Analyst Journal, 13*(2), 109-113.

De Villiers, J. & Auret, C. J. (1998). A comparison of EPS and EVA as explanatory variables for share price. *Studies in Economics and Econometrics, 22*(2), 47-63.

De Villiers, J. (1997). The distortions in economic value added caused by inflation. *Journal of Economics and Business, 49*(3), 285-300.

Demir, Y. (2001). Hisse senedini etkileyen isletme duzeyindeki faktorler ve mali sektor uzerine iMKB'de bir uygulama. 6 (2), 109-130.: Suleyman Demirel Universitesi Iktisadi Idari Bilimler Fakultes.

Denis, D. J., & Osobov, I. . (2008). Why Do Firms Pay Dividends? International Evidence on The Determinants of Dividend Policy. *Journal of Financial Economics*, 89 (1), 62-82.

Diacogiannis, G. P., Glezakos, M.& Segredakis, K. N. (1998). Exploration of the impact of price-earnings and dividend yield (DY) on expected returns of common stocks of the Athens stock exchange (in Greek). *Economic Review, 4*(1), 4-13.

Dimitrios M., Zeljko S., & Nikolaos T. (2006). A review of the empirical literature on earnings and economic value added (EVA) in explaining stock market returns. Which performance measure is more value relevant in the athens stock exchange (ASE)? *5th Annual Conference of the Hellenic Finance and Accounting Association Thessalonik* (pp. 15-16). University of Macedonia.

Dimitrova, D. (2005). The Relationship between exchange rates and stock pices: studied in a multivariate model. *Issues in Political Economy, 14*, 193-207.

Docking, D. S.& Koch, P. D. (2005). Sensitivity of investor reaction to market direction and volatility: dividend change announcements. *Journal of Financial Research*, 28 (1), 21-41.

Dodd, J. L. & Chen, S. (1996). EVA a new panacea? *Journal of Business and Economic Review, 42*(4), 26-28.

Dongwei, S. (2003). Stock price reactions to earnings announcements: evidence from Chinese markets. *Review of Financial Economics*, 87-89.

Easton, P. D. & Harris, T. S. (1991). Earnings as an explanatory variable for returns. *Journal of Accounting Research, 29*(1), 19-36.

Easton, P. D. & Zmijewski, M. (1989). Cross-sectional variation in the stock market response to the announcement of accounting earnings. *Journal of Accounting and Economics, 11*(3), 117-142.

Easton, P. D., Harris, T. S. & Ohlson, J. (1992). Aggregate accounting earnings can explain most security returns: The case of long return intervals. *Journal of Accounting and Economics, 15*, 119-42.

Echebarria-Miguel, M. C.& Barrutia-Legarreta, J. M. (1999). De valor en banca (Creation of value in banking system). *Informacion-Comercial-Espanola-Revista-de-Economia*, (775).

Eita. (2011). Modelling macroeconomic determinants of stock market pirces. evidence from Namibia. *The Journal of Applied Business Journal*, 871-876.

Emamgholipour, M., Pouraghajan, A, Tabari, N. A. Y., Haghparast, M., & Shirsavar, A. A. A. . (2013). The effect of performance evaluation market ratios on the stock return: evidence from the Tehran stock exchange. *nternational Research Journal of Applied and Basic Sciences*, 4. Retrieved from http://www.irjabs.com/files_site/paperlist/r_734_130328111041.pdf.

Encarta. (2009). Retrieved from Encarta.afreecodec.com/encarta-dictionary-download.

Eugene, F. (2010). *Corporate finance: A focused approach.* USA: free press.

Fama, F. (1970). Efficient Capital Markets: A Review of Theory and Empirical Work. *The Journal of Finance*, 25.

Farooq, Omar, Siham S., & Samir A. (2012). Dividend Policy as a Signaling Mechanism underDifferent Market Conditions: Evidence from the Casablanca Stock Exchange. *International Research Journal of Finance & Economics*, 83: 187-198.

Favaro, K. (1998). *Put value creation first (if you want to grow your way to greatness). Marakon Commentary.* Retrieved April 16, 2015, from <http://www.favaro.net/publications/pvcf/ken_pvcf.html>.

Fisher, G. (2009). Some Factors Influencing Share Prices. *The Economic Journal, 71*(281), 121.

Forker, J. & Powell, R. (2004). Does EVA beat earnings? evidence on associations with stock returns and firm Values. *Conference paper, presented in EAA Meeting.* Prague.

Ghayoumi, A. F., Nayeri, M. D., Ansari, M., & Raeesi, T. (2011). Value relevance of accounting information: evidence from Iranian Emerging Stock Exchange. *World Academy of Science, Engineering and Technology* , 78. Retrieved from http://waset.org/publications/15331/value-relevance-of-accounting-information-evidence-from.

Gibson, H. C. (2009). *Financial reporting & analysis using financial accounting information* (11th edition ed.). Thomson South-Western.

Godwin, C. O. (2010). Do emerging financial markets impact on investment opportunity set: a dynamic analysis of Nigerian case. *Journal of Sustainable Development in Africa, 12(3)*, 1-11.

Gordon, M.J. & Shapiro, E. (1956). Capital equipment analysis: the required rate of profit. *Management Science, 3*, 102-10.

Grant, J. (2003). *Foundations of economic value added* (2nd ed.). New York: John Wiley & Sons.

Gupta, J. P. Chevalier, A. & Sayekt, F. (2008). The causality between interest rate, exchange rate and stock price in emerging markets: the case of the Jakarta Stock Exchange. *Independent Researchers*.

Hadi, M. M. (2004). *The importance of accounting information to the investors in banking sector: Kuwaiti evidence.* College of Business Administration Kuwait University. Kuwait: Kuwait University Press.

Hartono, J. (2004). The recency effect of accounting information. *Gadjah Mada International Journal of Business*, 6(1): 85-116.

Hartono, J. (2004). The recency effect of accounting information. *Gadjah Mada International Journal of Business*, 6 (1), 85-116.

Hashemijoo, Mohammad, Aref M. A. & Nejat Y. (2012). The impact of dividend policy on share price volatility in the Malaysian Stock Market. *Journal of Business Studies*, Quarterly 4.1: 111-129.

Heaps, J. (2010). Impact of board composition on company performance. *Eversheds board.* Kansas: university of Kansas.

Hejazi, R., Heidarpoor, F., & Jafari, M. (2011). The information content of accounting variables. *International Journal of Finance, Accounting and Economics Studies*, 1.

Hoang. (2007). Market anomalies, market momentum, stock split and institutional investors behavior: Vietnam.

http://economicswebinstitute.org/glossary/exchrate.htm. (n.d.).

http://www.cenbank.org/rates/ExchangeArchives.asp. (n.d.).

Hussainey, K., Mgbame, C. O. & Chijoke-Mgbame, A. M. (2011). Dividend policy and share price volatility: UK evidence. *The Journal of Risk Finance*, *12*(1), 57-68.

ICAEW. (2000). *Institute of chattered accountants in England and Wales, inside Out: reporting on shareholders Value,*. England: ICAEW Financial Reporting Committee.

Ike_Ekweremadu, N. B. (2014). Corporate financial indicators and movements in equity share prices: evidence from Nigeria brewery industry. *P.hD Thesis Submitted In Accounting Department, Faculty of Management Sciences, Ebonyi State University*. Abakaliki.

Ikoku, A. E. (2007, March 3). The impact of inflation on stock market returns in Nigeria. *Business Day Newspaper*.

InvestorWords. (2016). Retrieved February 29th, 2016, from http://www.investorwords.com/16487/interest_rate_spread.html

Inyiama, O, I. and Chike, N. (2014). Macroeconomis variables and shares price movement in Nigeria brewery industry: evidence from Nigerian Breweries Plc . *European Journal of Accounting Auditing and Finance Research*, 19-31.

Irfan, C. M. & Nishat, M. (2002). Key fundamental factors and long-run price changes in an emerging market: A case study of Karachi Stock Exchange (KSE). *The Pakistan Development Review*, *41*(4), 517–533.

Irmala, P., Sanju S.,& Ramachandran, M. (2011). Determinants of Share Prices in India. *Journal of Emerging Trends in Economics and Management Sciences, 2*(2), 124-130. Available at: http://jetems.scholarlinkresearch.org/articles/Determinants%20of%20Share%20Prices%20in%20India.pdf. Accessed On: 16th April, 2015.

Irungu, P. (2013). Effect of financial indicators on market price of shares in commercial banks of Kenya. *International Journal of Management and Business Studies*, 72-77.

Izedonmi, O. I. F. & Eriki, P. O. (1996). Determinants of dividend policy in publicly quoted companies. *ICAN News*.

Jarmalaite, N. (2002). The relationship between accounting numbers and returns in the baltic stock markets. *CERT Discussion paper*.

Jermakowicz, E. K. & Gornik-Tomaszewski, S. (1998). Information content of earnings in the emerging capital market: evidence from Warsaw Stock Exchange. *Multinational Finance Journal, 2*(4), 245-267.

Jimoh, E. O. (2009). Determinants of stock prices in the capital market. Unpublished desertation, Department Of Banking And Finance, Faculty Of Management Sciences, Olabisi Onabanjo University, Ago-Iwoye, Nigeria.

Jindrichovska, I. (2001). The relationship between accounting numbers and returns: some empirical evidence from the emerging market of Czech Republic. *The European Accounting Review, 10*(1), 107-131.

John, K., & Williams, J. (1985). Dividends, dilution and taxes: a signaling equilibrium. *Journal of Finance*, 4 (40), 1053-1070.

Jones & Charls. (2004). Investment analysis and management. *John Willey and Sons*, 517–533.

Kabajeh, M., Nu'aimat, A. & Dahmash, N. (2012). The relationship between ROA, ROE and ROI ratios with Jordanian insurance public companies market share prices. *International Journal of Humanities and social science, 2*(11), 115-120.

Kamau. (2009). *Efficiency and productivity of the banking sector: an empirical investigation.* Ph.D dissertation, University of Nairobi.

Kang, J. & Stulz, R. (1997). Is there a home bias? an analysis of foreign portfolio equity ownership In Japan. *Journals of Financial Economics*.

Kanwal, K. I. (2013). Effect of dividends on stock prices– a case of chemical and pharmaceutical industry of Pakistan. *Proceedings of 2nd International Conference on Business Management.* Lahore: University of Central Punjab.

Karanikas, E. ((2000),). CAPM regularities for the Athens stock exchange. *SPOUDAI, 50*((1/2)), 40-57.

Kayha, E., Meggina, A. & Theodossiou, P. (1993). The information content of accounting earnings in Greece: an empirical investigation. *Journal of Multinational Financial Management, 3* (3/4), 143-157.

Keef, S. P. & Roush, M. L. (2003). The relationship between economic value added and stock market performance: a theoretical analysis. *Agribusiness, 19*(2), 245-253.

Kehinde, S. J. (2012). Share price movement and the white-noise hypothesis: the algebraic appraoch. *International Journal of Business and Information Technology, 1*, 2.

Khaled, H. (2009). The impact of macroeconomic. *The Journal of Risk Finance, 10*(4), 321-332.

Khan, M. B., Gul, S., Rehman, S. U., Razzaq, N., & Kamran, A. . (2012). Financial ratio and stock return predictability. *Research Journal of Finance and Accounting*, 3.

Khan, S. H. (2009). Determinants of share price movements in Bangladesh: dividends and retained earnings. Retrieved from Mist: http://www.seamist. Accessed on: 16th April, 2015.

Kieso, D. E., Weygant, J. J., & Warfield, T. D. (2007). *Intermediate Accounting 12th edition.* New York: John Willey and Sons.

King. (2000). The relationship between stock price, accounting earnings and book value. *The International Journal of Accounting*, 576-602.

King, R. D. & J. C. Langli. (1998). Accounting diversity and firm valuation. *The International Journal of Accounting, 33*(5), 529-567.

Kipngetich, T. J. Kibet, B. J. Guyo, S. A. & Kipkoskey, B. J. (2011). *Determinants of initial public offer pricing in Kenya.* LLondon, UK: The Centre for Innovations in Business and Management Practice.

Kolawole Olugbenga, O. (2013). The determinants of value creation in the Nigerian banking industry: panel evidence. *International Journal of Business and Social Science, 4*(3), 89-101.

Koller, T. (1994). *What is value based management?* (3 ed.). The Mckinsey Quarterly.

Kosmidou, K. (2009). The determinants of banks, profits. *Journal of Managerial Finance. Available: http://www.emeraldinsight.com*, 34 (3). .

Kothari, S. P. & Zimmerman, J. L. (1995). Price and return models. *Journal of Accounting and Economics, 20*(1), 155-192.

Kothari, S. P. (2001). Capital markets research in accounting. *Journal of Accounting and Economics*, 105-231.

Kousenidis, D. (2005). Earnings-returns relation in Greece: some evidence on the Size effect and on the life-cycle hypothesis. *Managerial Finance, 31*(2), 24-54.

Kousenidis, D.,Negakis, C. & Floropoulos, I. (2000). Size and book-to-market factors in the relationship between average stock returns and average book returns: some evidence from an emerging market. *European Accounting Review, 9*(2), 225-243.

Kramer, J. K. & Pushner, G. (1997). An empirical analysis of economic value added as a proxy for Market Value Added. *Financial Practice and Education, 7*(1), 41-49.

Kumar & Hundal. (1986). Stock market integration examining linkages between India and selected Asian markets. *Foreign Trade Review, 45*, 3-18.

Kurichara, U. (2006). The relationship between exchange rate and stock price during the quantitative easing policy in Japan. *International Journals of busines*.

Kyereborah, C., Anthony, A.T & Kwame, F. (2008). Impact of microeconomic indicators on stock exchange performance: the Case of the Ghana Stock Exchange. *Journal of Rick Fianance*.

Labidi, C. & Triki, T. (2011). Determinants of IPO pricing and long-term performance in MENA region. *Politics and Economic Development, ERF 17th Annual Conference.*, (pp. 50-62). North Africa.

Law, P. (2013). *Practical law's 2nd annual company secretary forum*. Retrieved July 10, 2015, from http://www.capitaassetservices.com/events-and-training/1336.cshtmil.

Lee, B. (2006). An empirical evaluation of behavioral models based on decompositions of stock prices. *Journal of Business*, 79 (1), 393-427.

Lehn, K. & Makhija, A. K. (1997). EVA, accounting profits, and CEO turnover an empirical examination, 1985-1994. *Journal of Applied Corporate Finance, 10*(2), 90-97.

Liaonly, O. (2009). Dividend policy and stock price volatility: evidence from Bangladesh. Retrieved from http://liaonly.wordpress.com/. Accessed on: 16th April, 2015.

Limento, A. D. & Djuaeriah, N. (2013). The determinant of the stock price in Indonesian publicly listed transportation industry. *Business and Information*, 90-120.

Lintner, J. (1962). Dividends, earnings, leverage, stock prices and supply of capital to Corporations. *The Review of Economics and Statistics, 64*, 243-69.

Lo, A. W., Mamaysky, H., & Wang, J. (2000). Foundations of technical analysis: computational algorithms, statistical inference and empirical implementation. *Journal of Finance, 55*, 1705–1765.

Mackinlay. (2007). Stock market prices do not follow random walk: Evidence from a simple specification test: Massachusetts . *American finance association.*

Mahmoudi, V., Shirkavand, S., & Salari, M. (2011). How do investors react to the earnings announcements. *International Research Journal of Finance and Economics*, 70.

Majed, Said & Firas. (2012). The relationship between ROA ROA ratios with Jordanian insurance public companies market share prices. *International Journal of Humanities and Social Science,* 115-120.

Maku, Olukayode, E., & Atanda, Akinwande, A. (2010). Determinants of stock market performance in Nigeria: long-run analysis. *Datatric Research Consulting, Nigeria, Globafrique Consulting, U.K*, 1-16.

Malhotra, D. K., & Malhotra, R. (2008). Analyzing financial statements using data envelopment analysis. *Commercial Lending Review*, 25-31.

Malhotra, N. (2013). Determinants of stock prices: empirical evidence from NSE 100 companies. *International Journal of Research in Management & Technology, 3*(3), 86-95.

Malhotra,N., & Tandon, K. (2013). Determinants of stock prices: Empirical evidence from NSE 100 companies. *International Journal of Research in Management & Technology, 3*(3), 86-95.

Malhotra. M. & Prakash. N. (2001). Determinants of market price of A-group and B-group shares. *The ICFAI journal of Applied Finance*, 7(3): 45-53.

Martin, B. (1996, June). Retrieved April 14th, 2016, from https://www.ids.ac.uk/files/Wp31.pdf

Menaje, J. P. (2012). Impact of selected accounting and economic variables on share price of publicly listed banks in the Philippines from 2002-2008. *DLSU Business & Economics Review, 22*(1), 35-62.

Menike M. G. P. D. & Prabath, U. S. (2014). The Impact of accounting variables on stock price: evidence from the Colombo Stock Exchange, Sri Lanka. *International Journal of Business and Management, 9*(5), 125-137.

Mgbame, C. O., & Ikhatua, O. J. (2013). Accounting information and stock volatility in the Nigerian capital markets: a garch analysis approach. *International Review of Management and Business Research*, 2.

Mgbame, C.O. & Ohiorenuah, J. I. (2013). Accounting information and stock volatility in the Nigerian capital market: A Garch analysis approach. *International Review of Management and Business Research, 2*(1), 265-281.

Milunovich, S.& Tsuei, A. (1996). EVA in the computer industry. *Journal of Applied Corporate Finance*, *9*(2), 104-115.

Mohammad A. A. (2014). Determinants of equity share prices of the listed banks in Amman stock exchange: quantitative approach. *International Journal of Business and Social Science, 5*(1), 91-104.

Molodovsky, N. (1993). A theory of price-earnings ratio. *Financial Analyst Journal*, 51.

Monacla B & Gregory M. (2003). Corporate performance management: Turning strategy into action. *Available at: Management.com.,2003*.

Moore, A. B. (1962). A statistical analysis of common stock prices. Unpublished Doctoral Dissertation, University of Chicago.

Mueller, J. (2006). *http://www.investopedia.com/articles/06/interestaffectsmarket.asp#ixzz3YW7fjSuL*.

Myers, M., & Frank, B. (2004). The determinants of corporate dividend policy. *Academy of Accounting and Financial Studies Journal*, 8 (3), 17-28.

Nazir, M. S., Musarat, M., Waseem, N. & Ahmed, A. F. . (2010). Determinants of Stock Price Volatility in Karachi Stock Exchange: The Mediating Role of Corporate Dividend Policy. *International Research Journal of Finance and Economics*, Vol. 55, pp. 100-107.

Nazir, M. S., Musarat, M., Waseem, N. & Ahmed, A. F. (2010). Determinants of Stock Price Volatility in Karachi Stock Exchange: The Mediating Role of Corporate Dividend Policy. *International Research Journal of Finance and Economics*, Vol. 55, pp. 100-107.

Negakis, C. (2006). Are earnings more informative than residual income in valuation models? Working paper.

Niarchos, N. A. & Georgakopoulos, M. C. (1986). The effect of annual corporate profit reports on the Athens Stock Exchange: an empirical investigation. *Management International Review, 26*(1), 64-72.

Nidhi, M. & Kamini, T. (2013). Determinants of stock prices: Empirical evidence from NSE 100 companies. *RACST- International Journal of Research in Management & Technology (IJRMT), 3*, 86-95.

Nirmala, P.S., Sanju, P. S., Remachandran M. (2011). Determinants of share price in India. *Journal of Emerging Trends in Economics and Management Sciences*, 2(2), 124-130.

Nisa, M. U. & Nishat, M. (2011). The determinants of stock price in Parkistan. *Asian Economics and Financial Review, 4*(1), 276-291.

Novak, J. D. (2010). *Learning, creating and using knowledge, concept maps as facilitative tools in schools and corporations.* Cornell University press.

Nwokoma, N. I. (2002). Stock market performance and macroeconomics indicators nexus in Nigeria: an empirical investigation Nigerian. *Journals of Economics and social studies*, 119.

Nwude, C. (2004). *Basic principles of financial management: a fist course* (Second Edition ed.). Enugu.

O'Byrne, S. F. (1996). EVA and market value. *Journal of Applied Corporate Finance, 9*(1), 116-125.

O'Hara, T., Lazdowski, C., Moldovean, C. & Samuelson, S. (2000). Financial indicators of stock performance West Haven. *American Business Review*, 98.

Okafor, A. C., Mgbame, O. C. & Chijoke, A. M., Mgbame. (2011). Dividend Policy and Share Price Volatility in Nigeria. *Jorind* , 9.1: 202-210.

Okpara, G. C. & Nwezeaku, N. C. (2009). Idiosyncratic risk and the cross-section of expected stock returns, evidence from nigeria. *European journal of economics, Finance and Administrative sciences*, 17, 1-10.

Olowoniyi, A. O. & Ojenike, J. O. (2012). Determinants of stock return of Nigerian listed firms. Obafemi Awolowo University, Ile-Ife, Nigeria.

Olowoniyi, A. O. & Ojenike, J. O. (2012). Determinants of stock return of Nigerian listed firms. *Faculty Management Sciences Journal of Obafemi Awolowo University, ile Ife, Nigeria*, 124-130.

Olukotun, G., Ademola, J. O., Olusegun & Olorunfemi, K. (2013). Bank distress in Nigeria and the Nigeria Deposit Insurance. *Global Journal of Management and Business Research, 13*(3), 99-110.

Omoh, G. (2015, July 10). Thirteen Nigerian banks that make top one thousand world bank ranking. *Vanguard*.

Omole, D. A. (1999). Financial depending and stock market development in Nigeria. *Nigerian Institute of Social and Economic Research (NISER). NIDER Monograph Series*(15).

Omoyiola, A. & Adeolu, M. (2011). Effects of organizational performance on sharePrice: an emperical study of the top performing manufaacturing Listed on Nnigerian stock Exchange. *Scottich Journal of Arts, Social Sciences and scientific Studies*, 15-25.

Ong, S. T., Yichen, Y. N. & Teh, B. (2010). Can high price earnings ratio act as an indicator of the coming bear market In Malasia? *International Journal Of Business and Science*, 1.

Onoh, J. (2002). *Dynamics of money, banking and financing in Nigeria-an emerging market,*. Calabar: Astra Meridian Publishers.

Onwumere, J. (2005). *Business and economic ressearch methods.* Lagos: Don-Vinton ltd.

Orfanos, Vassilis, & Mihalist Evripiotis. (2009). The effect of companies dividend and economic policy of FTSE/ASE-20 indicatorin the configuration of their stock. *2nd International Conference: Quantitative and Qualitative Methodologies in the Economic and Administrative Science* (pp. 25-27). TEI of Athens: n. pag.

Osisanwo, B. G. & Atanda, A. A. (2012). Determinants of stock market returns in Nigeria: A time series analysis. *African Journal of Scientific Research, 9*(1), 478-496.

Oyejide, T. A. (1976). Company dividend policy in Nigeria: an empirical analysis. *Nigerian Journal of Economics & Social Studies*, 18(2), 179.

Perera, R. A. A. S., & Thrikawala, S. S. (2010). An empirical study of the relevance of accounting information on investor's decisions. *ICBI*. Sri Lanka: University of Kelaniya.

Placido M. M, J. (2012). Impact of selected financial variables on share price of publicly listed firms in the Philippines. *American International Journal of Contemporary Research, 2*(9), 98-104.

Raballe, J., & Hedensted, J. S. (2008). Dividend determinants in Denmark. Retrieved from http://papers.ssrn.com: Assessed on: 16yh April, 2015.

Rahman, M., Baten A. Udden B. & Jubayer M. (2006). *Fame- frenchis CAPN: an empirical investigation on DSE.* Tacrendi press.

Ramli, N. M. (2010). Ownership structure and dividend policy: evidence from malaysian companies. *International Review of Business Research Papers, 6*, 170-180.

Rappaport, A. (1981). Selecting strategies that create shareholder value. *Harvard Business Review, 59*(3), 139-149.

Rappaport, A. (1986). *Creating shareholder value, first ed.* New York: The Free Press.

Rappaport, A. (1998). *Creating shareholder value, second Ed.* New York: The Free Press.

Rashid, Afzalur, & Anisur Rahman, A. Z.M. (2008). Dividend policy and stock price volatility: evidence from Bangladesh. *Journal of Applied Business and Economics, 8*(4), 71-81.

Rawlin R. & Shanmugam R. (2014). Non-linear relationships of key determinants in influencing the share price of India's Largeest Public Sector Bank. *International Journal of Economics, Commerce and Management*, 1-9.

Raza, S. H. (2010). *The impact of financial performance of the company on its share price; evidence from Pakistan Stock Exchange. Pakistan.* Pakistan: Research Gate publications.

ReadyRatio. (2014). *Readyratio financial analysis stat*. Retrieved July 10, 2015, from http://www.readyratio.com/start.

Reeve, M. J. & Warren, S. C. (2008). *Principles of managerial accounting.* USA: Thomson Higher Education.

Reilly, F.& Brown, K. (2003). *Investment analysis and portfolio management.* U.S.A: Thomson South-Western.

Riahi-Belkaoui, A. & Fekrat, M. A. (1994). The magic in value added: merits of derived accounting indicator numbers. *Managerial Finance, 20*(9), 3-15.

Riahi-Belkaoui, A. & Picur, R. D. (1994). Explaining market returns: earnings versus value added data. *Managerial Finance, 20*(9), 44-55.

Richardson, G., Sefcik, S., & Thompson, R. (1986). A test of dividend irrelevance using volume reactions to a change in dividend policy. *Journal of Financial Economics*, 17, 313-334.

Ross, S., Westerfeld, R. & Jordon, B. (2003). *Fundamentals of corporate finance* (6th ed ed.). New York, NY: McGraw-Hill Higher Education.

Salas, V. & Saurina J. (2003). Deregulation, market power and risk. *European Economic Review*, 1061-1075.

Samir, G. & Subrata, M. (2006). Measurement of corporate performance through balanced scorecard: an overview. *Vidyasagar University Journal of Commerce, 11*, 61.

Savin, G., Weller, P. & Zvingelis, J. (2007). The predictive power of "head-and-shoulders'' price patterns in the U.S. stock market. *Journal of Financial Econometrics*, 5 (2), 243–265.

Scatizzi, C. (2010). *Price-earnings ratio, computerized investing. second quarter, 2010*. Retrieved from http://www.aaii.com/computerized-investing/article/price-earnings-ratios?forceFULL.

Seetharaman, A. & Raj, J.R. (2011). An empirical study on the impact of earnings per share on stock prices of a listed Bank in Malaysia. *International Journal of Applied Economics & Finance, 5*(2), 114-126.

Sen, S. & Ray, R. (2003). Key determinants of stock prices in India. *The ICFAI Journal of Applied Finance, 9*(7), 35-40.

Serife, O. & Ugur, E. (2012). Internal determinants of the stock price movements on sector Basis. *International Research Journal of Finance and Economics*(92), 111-116. Available at: http://www.internationalresearchjournaloffinanceandeconomics.com. Assessed on: 16th April, 2015.

Seyyed, A. (2010). Emerging stock markets performance and economic growth. *American Journal of Applied Sciences*, 265-269.

Sharma, S. & Singh, B. . (2006). Determinants of equity share prices in Indian corporate sector: An empirical study. *The ICFAI Journal of Applied Finance*, 12(4): 21-38.

Sharma, S. (2011). Determinants of equity share prices in India. *Journal of Arts, Science & Commerce, 2*(4), 52-60.

Shiller, R. (1981). Do stock prices move too much to be justified by subsequent changes in dividends? *American Economic Review*, 421-436.

Shukairi, N. M., Waleed Al safi, AbdulBaset H. & Marwan M. A. (2012). The relationship between inflation and stock prices. *IJRRAS*, 47.

Somoye, R. O. C., Akintoye, I. R., & Oseni, J. E. (2009). Determinants of equity prices in the stock markets. *International Research Journal of Finance and Economics* , 30: 177-189.

Song, X. (2012). The relationship between dividend policy and stock price volatility : a Canadian study. *Halifax*, 1-35. Available at: <http://library2.smu.ca/bitstream/handle/01/24716/song_xiaoping_mrp_2012.pdf?sequence. Accessed on: 16th April, 2015.

Srinivasan, P. (2012). Determinants of equity share prices in India: a panel data approach. *The Romanian Economic*, 205-228.

Stanlake, G. (1993). *Introductory economics.* Longman House, Essex.

Stern, J. M., Stewart, G. B., & Chew, Jr. (1995). The EVA financial system. *Journal of applied corporate finance, 8*(2), 32-46.

Stewart, G. B. (1991). *The quest for value: a guide for senior managers, first ed.,*. New York: Harper Business.

Sukhija, S. (2014). A study regarding analysing recessionary impact on fundamental determinants of stock price in India share market. *European Journal of Science and Managment, 6*(4), 134.

Suliman, Muhammad, Shafiq A.,, Muhammad J. A., & Misbah S. (2013). Stock Price Volatility in Relation to Dividend Policy; A Case Study of Karachi Stock Market. *Middle-East Journal of Scientific Research*, 426-431.

Theriou, N., Maditinos, D., Chatzoglou P., & Aggelides, V. (2005). The cross-section of expected stock returns: an empirical study in the Athens Stock Exchange. *Managerial Finance, 31*(12), 58-78.

Trochim, M. K. (2008). *Design, research method knowledge base*. Retrieved July 10th, 2015, from http://www.socialresearchmethods.net.

Tsoukalas, D. & Sil, S. (1999). The determinants of stock prices: evidence from the United Kingdom stock market. *Management Research News, 22*(5), 1-14.

Turvey, C. G., Lake, L., Van, E,. Duren & Sparing, D. (2000). The relationship between economic value added and the stock market performance of agribusiness firms. *Agribusiness, 16*(4), 399-416.

Uddin, M. (2009). Determinants of market price of stock: A study on bank leasing and insurance companies of Bangladesh. *Journal of Modern Accounting & Auditing, 5*(7), 1-7.

Udeme, E. (2012, November 12). Capital market will recover in 2012. *Punch Newspaper*, pp. 14-15.

Uwalomwa, U., Olowe, O. & Agu, G. (2012). *An Assessment of the Determinants of Share Price in Nigeria: A Study of Selected Listed Firms*. Retrieved March 26th, 2015, from http://eprints.covenantuniversity.edu.ng/1558/1/An%20Assessment%20of%20the%20Determinants%20of%20Share%20Price%20in%20Nigeria.pdf

Uwuigbe, U. Olusegun, O. & Godswill, A. (2012). An assessment of the determinants of share price in Nigeria: A study of selected listed firms. *Acta Universitatis Danubis.*, 50-67.

Uyemura, D. G., Kantor, C. C. & Petit, J. M. (1996). EVA for Banks: value creation, risk management and profitability measurement. *Journal of Applied Corporate Finance, 9*(2), 94-111.

Vafeas, N., Trigeorgis, L. & Georgiou, X. (1998). The usefulness of earnings in explaining stock returns in an emerging market: the case of cyprus. *European Accounting Review, 7*(1), 105-126.

Valix, C. & Peralta, J. (2007). *Financial Accounting* (2007 ed., Vol. 2). Manila: GIC Enterprises & Co., Inc.

Van Horne, J. C. (2002). *Financial management and policy (12th ed.)* . New Delhi:: Prentice-Hall of India 814p.

Victor, A., Jonathan, E., & Anthony O. (2013). Determinants of stock price movement In Nigeria: Evidence from monitary variables. *Journal of Economics and sustainable Development, 4*(14), 87-103.

Walters. (1999.). The implications of shareholder value planning and management for logistics decision making. *Int. J. Phys.Distrib. Logistics Manage, 29*(4), 240–258.

Wang, J., Fu, G., & Luo, C. . (2013). Accounting information and stock price reaction of listed companies—empirical evidence from 60 listed companies in Shanghai Stock Exchange. *Journal of Business & Management*, 2(2).

Waweru, J. M. (2010). *Reaction of share prices to issue of IPOs from the NSE: empirical evidence*. University of Nairobi: Unpublished MBA Project.

Worthington, A. C. & West, T. (2001). The usefulness of economic value-added in the Australian context,. *Accounting, Accountability and Performance, 7*(1), 73-90.

Worthington, A. C. & West, T. (2004). Australian evidence concerning the information content of economic value-added. *Australian Journal of Management, 29*(2), 201-224.

Yasir H., Zernigah I. K. & Muhammad A. K. (2012). Dividend policy and share price volatility: Evidence from Pakistan. *Global Journal of Management and Business Research*, 78-84.

Zahra L. & Mousa A. (2004). The impact of dividend poilicy on stock price volatility in the Tehran Stock Exhange. *Kuwait Chapter of Arabian Journal of Business and Management Review, 3*(10), 273-283.

zakaira, Z., Muhammad, J. & Zulklifi, A. H. (2012). The impact of dividend policy on the share price volatility: Malasian construction and material companies. *International Journal of Economic and Management Sciences*, 1-8.

Zakaria, Zuriawati., Joriah M., & Abdul H. Z. (2012). The impact of dividend policy on the share price volatility: Malaysian construction and material companies. *International Journal of Economics and Management Science*, 1-8.

Zhong M., Darrat A. & Anderson D. (2003). Do US stock prices deviate from their fundamental values? Some new. *Journal of Banking and Finance*, 27(4): 673-697.

Zhou, C. (1996). *Stock market fluctuations and the term structure.* Board of Governors of the Federal Reserve System', Finance and Economics Discussion Series 96/03.

Zhu, W. X. (2003). The information of stock price in response to the volume of circulating common stocks. *China Soft Science*, 2, 44–47.

APPENDIX 1

Table 4.1 Data on Earnings Per Share, Net Asset Value Per Share and Price-Earnings Ratio for Zenith Bank

YEAR	EPS-Z	NAVPS-Z	PE-Z	MPS-Z
2000	1.68	6.09	4.16	6.99
2001	2.36	6.56	3.00	7.09
2002	3.41	9.06	2.96	10.1
2003	3.75	8.17	2.91	10.9
2004	1.68	5.07	9.21	15.47
2005	1.36	6.30	10.91	14.84
2006	1.93	10.23	11.17	21.56
2007	2.03	12.57	22.78	46.25
2008	3.83	20.56	10.53	40.32
2009	0.82	13.45	17.85	14.64
2010	1.19	11.58	12.21	14.53
2011	1.54	12.45	15.80	24.33
2012	3.18	14.62	7.70	24.49
2013	3.01	16.08	8.10	24.38
2014	2.26	16.67	10.28	23.23

Source: Nigerian Stock Exchange FactBook and Financial Statement of the Bank

Table 4.2 Data on Earnings Per Share, Net Asset Value Per Share and Price-Earnings Ratio for GTB

YEAR	EPS-GTB	NAVPS-GTB	PE-GTB	MP-GTB
2000	1.04	2.73	5.41	5.54
2001	1.07	2.47	5.64	5.64
2002	1.80	4.81	3.57	6.03
2003	1.26	3.90	10.37	6.42
2004	1.38	3.92	7.88	13.07
2005	1.15	5.41	13.37	10.87
2006	1.42	6.06	21.70	15.38
2007	1.62	5.92	16.57	30.82
2008	1.67	11.43	7.60	26.84
2009	1.27	10.03	13.54	12.7
2010	1.63	8.78	11.39	17.2
2011	1.77	7.96	11.43	18.56
2012	2.90	9.74	8.73	20.23
2013	2.44	11.2	10.38	25.32
2014	2.35	12.07	11.48	26.98

Source: Nigerian Stock Exchange FactBook and Financial Statement of the Bank

Table 4.3 Data on Earnings Per Share, Net Asset Value Per Share and Price-Earnings Ratio for First Bank				
YEAR	EPS-FBN	NAVPS-FBN	PE-FBN	MP-FBN
2000	3.46	88.61	5.35	18.5
2001	3.12	11.89	8.54	26.65
2002	2.35	9.51	9.55	22.45
2003	4.34	10.63	5.37	23.3
2004	3.99	11.88	6.46	25.77
2005	3.35	12.33	8.45	28.32
2006	3.32	11.89	12.40	41.18
2007	1.75	7.96	23.18	40.57
2008	2.67	17.88	13.75	36.71
2009	0.51	13.57	32.24	16.442
2010	1.02	10.44	13.60	13.87
2011	0.57	11.30	24.72	14.09
2012	2.3	12.09	6.41	14.74
2013	2.16	14.43	6.80	14.69
2014	2.55	16.10	3.45	8.80

Source: Nigerian Stock Exchange FactBook and Financial Statement of the Bank

Table 4.4 Data on Earnings Per Share, Net Asset Value Per Share and Price-Earnings Ratio for Access Bank				
YEAR	EPS-ACC	NAVPS-ACC	PE-ACC	MP-ACC
2000	0.11	0.7	11.55	1.27
2001	0.06	0.77	20.33	1.22
2002	0.02	0.72	79.00	1.58
2003	0.21	0.88	12.62	2.65
2004	0.21	0.9	18.90	3.97
2005	0.12	1.73	27.25	3.27
2006	0.07	2.07	49.57	3.47
2007	0.87	4.07	18.89	16.43
2008	1.73	10.59	9.66	16.71
2009	1.41	10.65	4.57	6.45
2010	0.72	10.2	12.33	8.88
2011	0.76	10.39	9.91	7.53
2012	1.34	10.12	6.46	8.66
2013	1.58	10.69	6.00	9.48
2014	1.88	12.14	2.63	4.94

Source: Nigerian Stock Exchange FactBook and Financial Statement of the Bank

Table 4.5 Data on Earnings Per Share, Net Asset Value Per Share and Price-Earnings Ratio for UBA				
YEAR	EPS-UBA	NAVPS-UBA	PE-UBA	MP-UBA
2000	3.18	4.32	3.67	11.66
2001	0.75	5.33	18.21	13.66
2002	2.25	6.25	3.76	8.46
2003	1.29	5.84	6.08	7.84
2004	1.77	7.66	6.10	10.8
2005	1.61	6.35	7.16	11.53
2006	1.87	6.87	9.34	17.47
2007	2.61	14.59	17.34	45.27
2008	3.11	11.19	11.69	36.35
2009	0.39	5.69	29.44	11.48
2010	-0.19	5.68	-58.84	11.18
2011	-0.24	5.53	-42.54	10.21
2012	1.44	6.68	3.19	4.59
2013	1.41	7.87	6.31	8.9
2014	1.23	7.97	6.50	8

Source: Nigerian Stock Exchange FactBook and Financial Statement of the Bank

Table 4.6: Data on Earnings Per Share, Net Asset Value Per Share and Price-Earnings Ratio for Fidelity Bank				
YEAR	EPS-FID	NAVPS-FID	PE-FID	MP-FID
2000	0.38	1.69	3.95	1.5
2001	0.37	1.2	4.19	1.55
2002	0.32	1.12	6.56	2.1
2003	0.36	1.06	6.94	2.5
2004	0.3	0.41	8.67	2.6
2005	0.14	1.14	23.07	3.23
2006	0.19	1.56	14.05	2.67
2007	0.29	1.18	30.83	8.94
2008	0.45	4.83	19.89	8.95
2009	0.08	4.47	36.25	2.9
2010	0.21	4.7	12.52	2.63
2011	0.27	4.87	12.33	3.33
2012	0.43	5.02	8.53	3.67
2013	0.27	5.72	15.26	4.12
2014	0.48	6.02	10.15	4.87

Source: Nigerian Stock Exchange FactBook and Financial Statement of the Bank

Table 4.7: Data on Earnings Per Share, Net Asset Value Per Share and Price-Earnings Ratio for Ecobank				
YEAR	EPS-ECO	NAVPS-ECO	PE-ECO	MP-ECO
2000	0.81	3.39	2.52	2.04
2001	0.66	2.32	3.94	2.6
2002	0.51	2.71	5.39	2.75
2003	0.54	2.31	4.83	2.61
2004	0.51	2.54	6.24	3.18
2005	0.15	2.47	23.33	3.5
2006	0.21	1.35	24.43	5.13
2007	0.34	1.61	22.91	7.79
2008	-0.03	4.4	-410.33	12.31
2009	-0.64	0.01	-38.47	24.62
2010	0.12	0.01	43.58	5.23
2011	0.16	0.12	41.72488	6.63
2012	0.19	0.23	29.61211	5.76
2013	0.25	1.98	20.61679	5.23
2014	0.28	3.45	25.67289	7.25

Source: Nigerian Stock Exchange FactBook and Financial Statement of the Bank

Table 4.8: Data on Earnings Per Share, Net Asset Value Per Share and Price-Earnings Ratio for FCMB				
YEAR	EPS-FCM	NAVPS-FCM	PE-FCM	MP-FCM
2000	0.21	1.39	10.57	2.22
2001	0.19	1.47	13.95	2.65
2002	-0.43	1.59	-7.77	3.34
2003	1.24	2.23	2.51	3.11
2004	0.59	1.99	7.32	4.32
2005	0.25	1.6	20.64	5.16
2006	0.36	2.65	12.36	4.45
2007	0.63	3.27	21.27	13.4
2008	1.35	8.21	10.76	14.53
2009	0.25	7.96	24.24	6.06
2010	0.49	8.28	15.98	7.83
2011	-0.57	8.71	-15.19	8.66
2012	0.77	6.72	12.42	9.56
2013	0.81	7.31	5.90	4.78
2014	1.12	8.14	9.21	10.32

Source: Nigerian Stock Exchange FactBook and Financial Statement of the Bank

Table 4.9: Data on Earnings Per Share, Net Asset Value Per Share and Price-Earnings Ratio for Diamond				
YEAR	EPS-DIA	NAVPS-DIA	PE-DIA	MP-DIA
2000	1.37	3.97	1.49	2.04
2001	2.34	5.67	1.11	2.6
2002	1.27	4.79	2.17	2.75
2003	0.32	4.62	8.16	2.61
2004	0.57	4.2	7.63	4.35
2005	0.3	3.41	25.83	7.75
2006	0.59	4.61	11.19	6.6
2007	0.91	5.57	16.75	15.24
2008	1.18	8.91	13.09	15.45
2009	0.36	7.91	18.81	6.77
2010	0.45	7.37	17.42	7.84
2011	0.29	6.87	33.28	9.65
2012	1.59	6.32	4.12	6.55
2013	0.27	5.72	21.37	5.77
2014	0.48	6.02	28.06	13.47

Source: Nigerian Stock Exchange FactBook and Financial Statement of the Bank

Table 4.10: Data on Earnings Per Share, Net Asset Value Per Share and Price-Earnings Ratio for Stanbic IBTC Holdings				
YEAR	EPS-IBTC	NAVPS-IBTC	PE-IBTC	MP-IBTC
2000				
2001	0.93	6.3	3.33	3.1
2002	1.47	4.93	2.18	3.2
2003	1.46	5.88	1.71	2.5
2004	0.79	3.92	4.56	3.6
2005	0.55	2.67	8.31	4.57
2006	0.33	2.71	12.91	4.26
2007	0.46	3	26.93	12.39
2008	0.64	4.3	38.73	24.79
2009	0.43	4.29	14.37	6.18
2010	0.50	4.47	14.96	7.48
2011	0.59	4.34	7.53	4.44
2012	0.5	6.43	6.00	3.00
2013	1.86	8.88	14.00	26.04
2014	2.93	10.04	8.80	25.77

Source: Nigerian Stock Exchange FactBook and Financial Statement of the Bank

Table 4.11: Data on Earnings Per Share, Net Asset Value Per Share and Price-Earnings Ratio for Union Bank of Nigeria

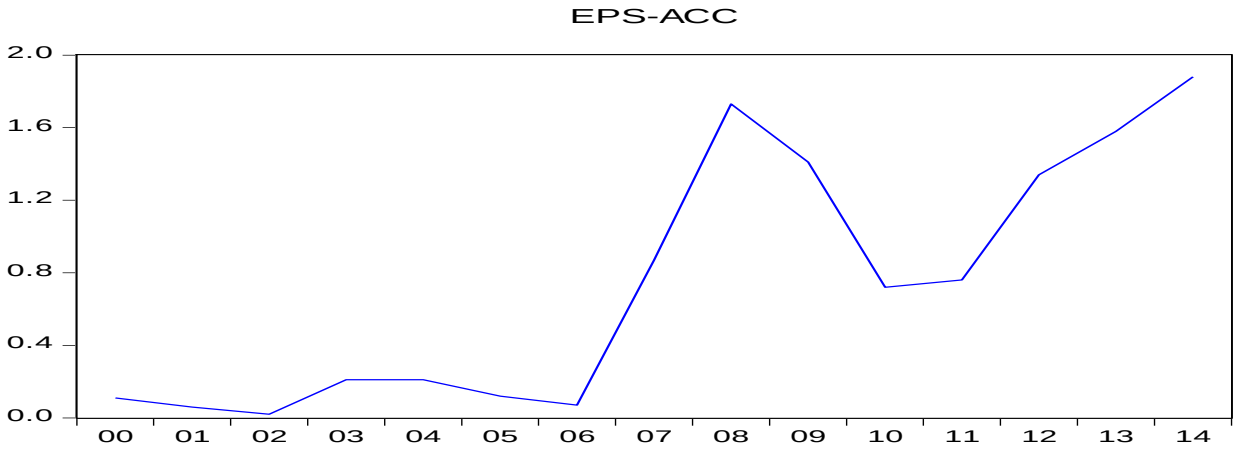
YEAR	EPS-UBN	NAVPS-UBN	PE-UBN	MP-UBN
2000	4.13	9.82	6.76	27.91
2001	4.48	11.71	6.68	29.91
2002	2.25	12.81	9.80	22.04
2003	3.08	14.26	8.34	25.68
2004	2.49	11.84	11.51	28.67
2005	2.19	9.66	11.02	24.14
2006	1.73	16.03	14.97	25.89
2007	1.37	10.62	33.04	45.27
2008	2.32	10.29	15.93	36.96
2009	-5.26	4.35	-2.18	11.46
2010	0.17	-9.01	30.41	5.17
2011	0.22	12.11	27.82	6.12
2012	0.23	14.85	33.57	7.72
2013	0.36	16.63	15.44	5.56
2014	0.28	12.56	31.71	8.88

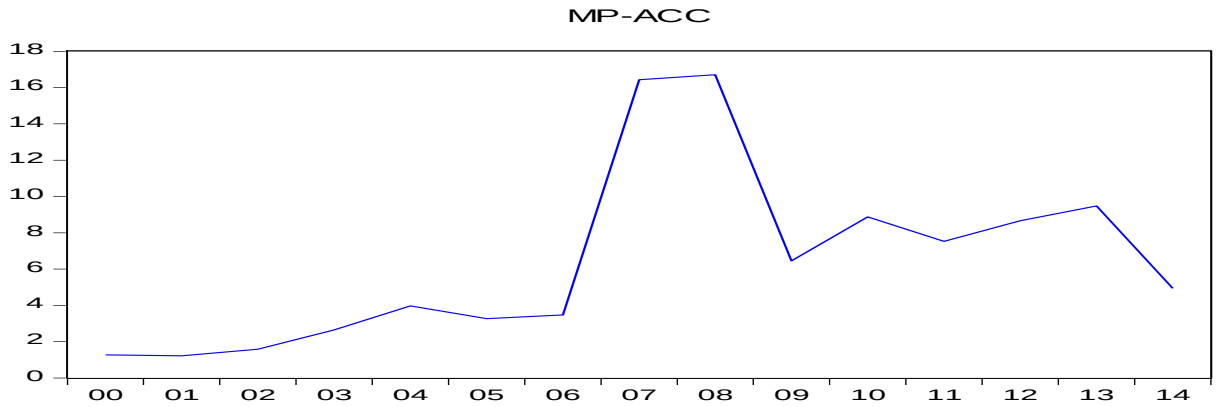
Source: Nigerian Stock Exchange FactBook and Financial Statement of the Bank

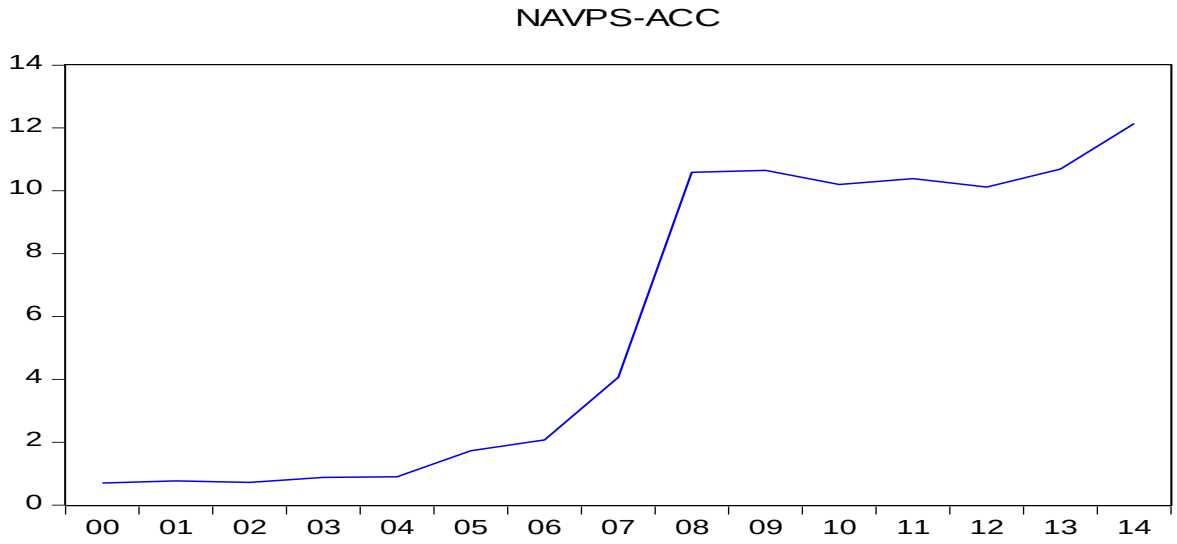
APPENDIX II

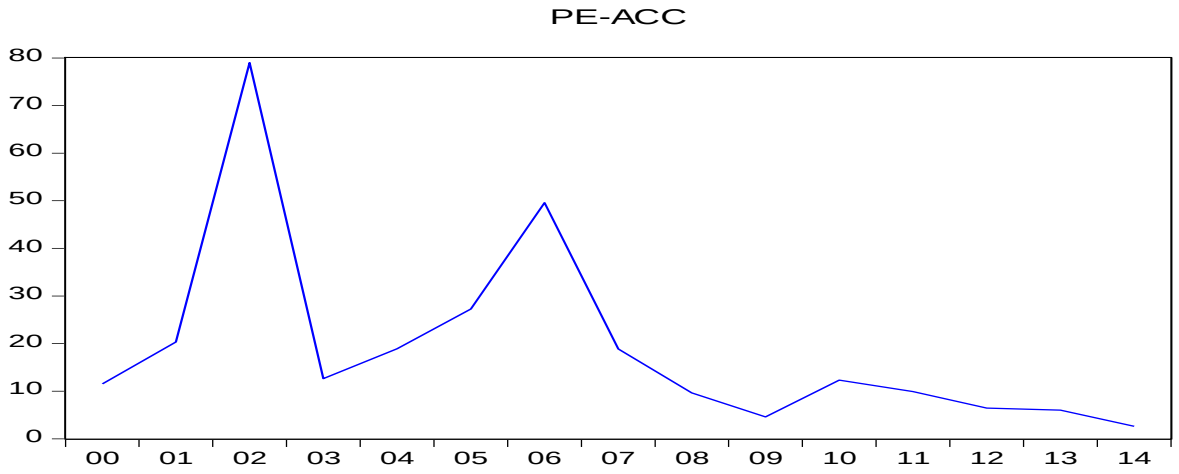
Graphical Test for Unit Root

1. For Access Bank:

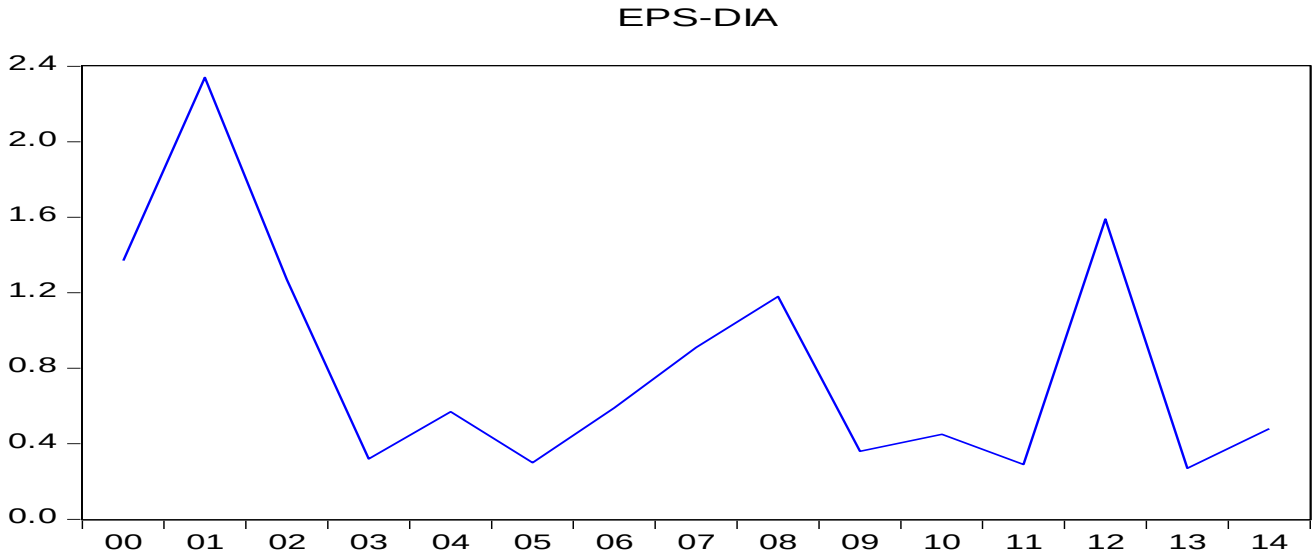


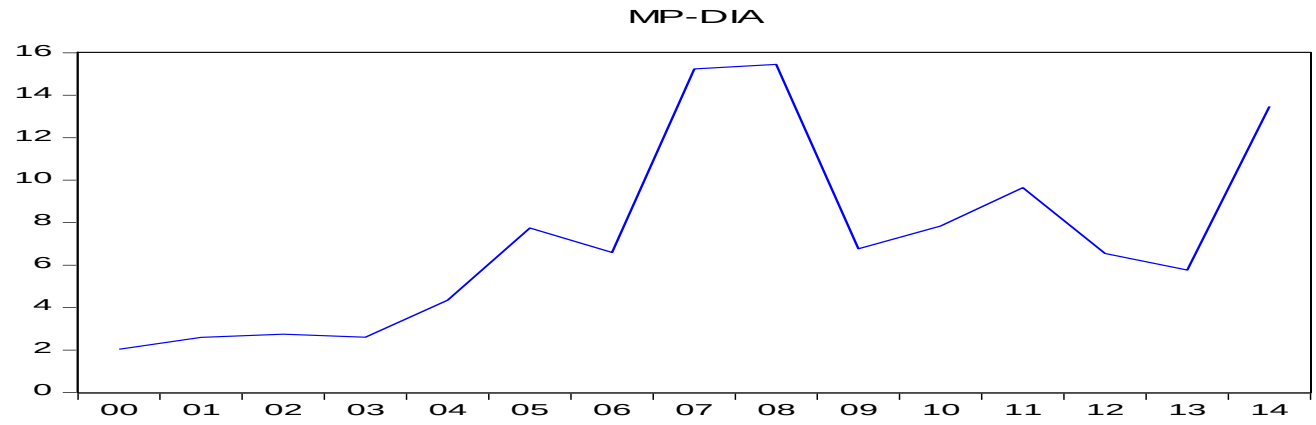


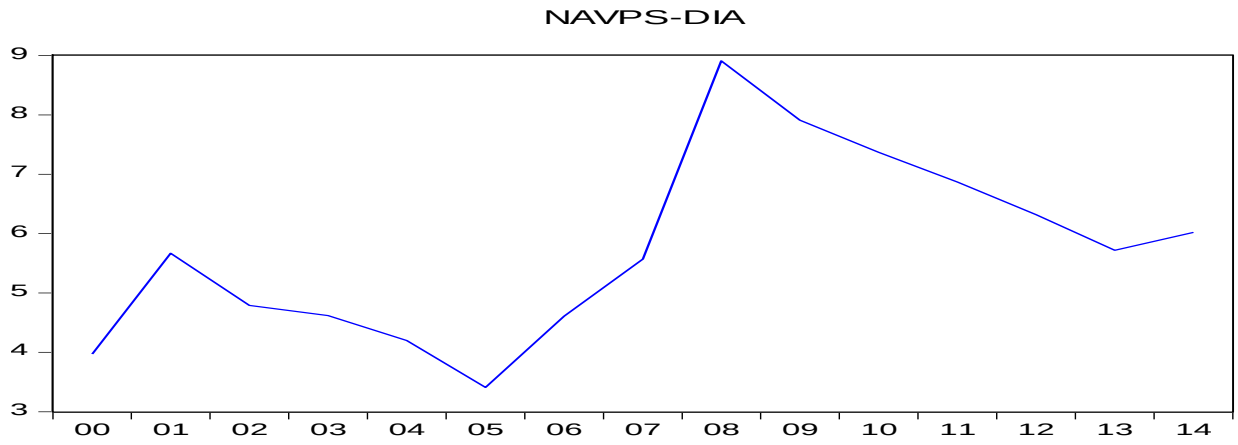


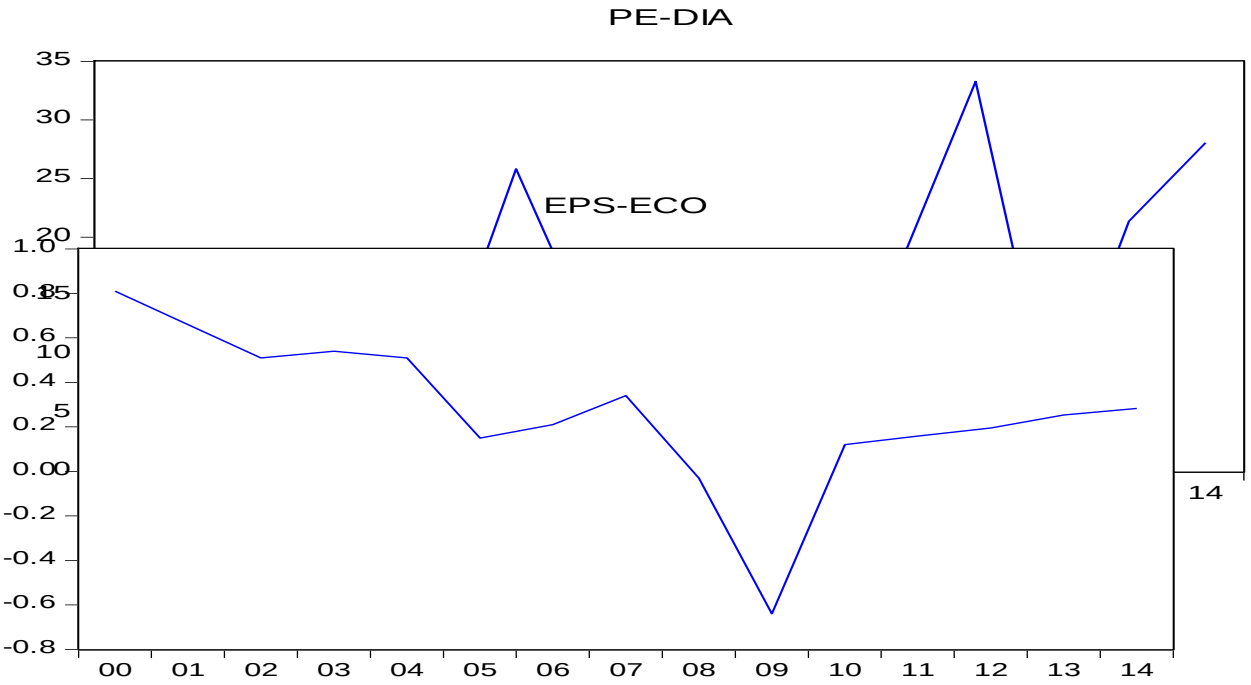


2. For Diamond:

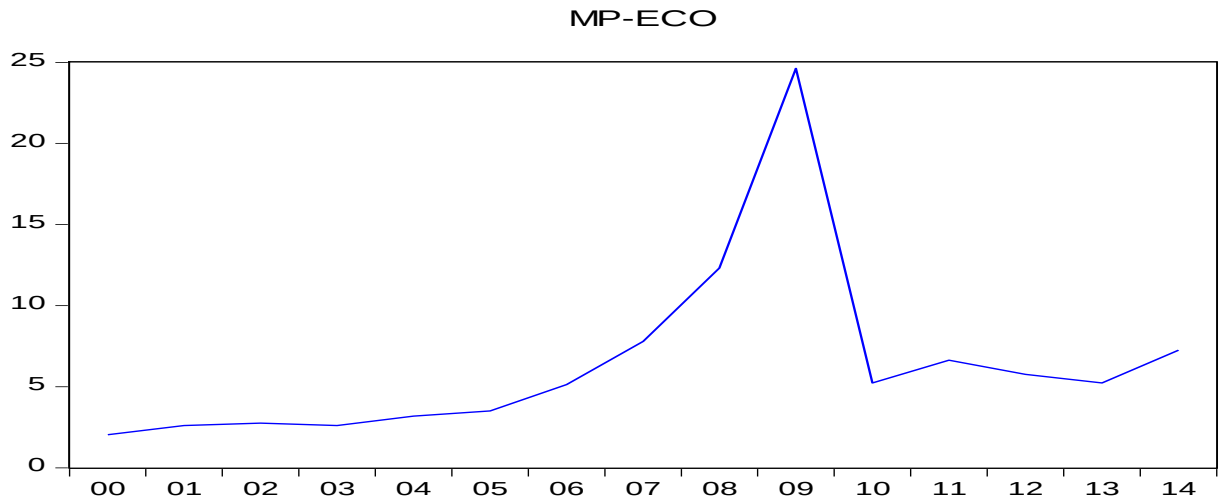


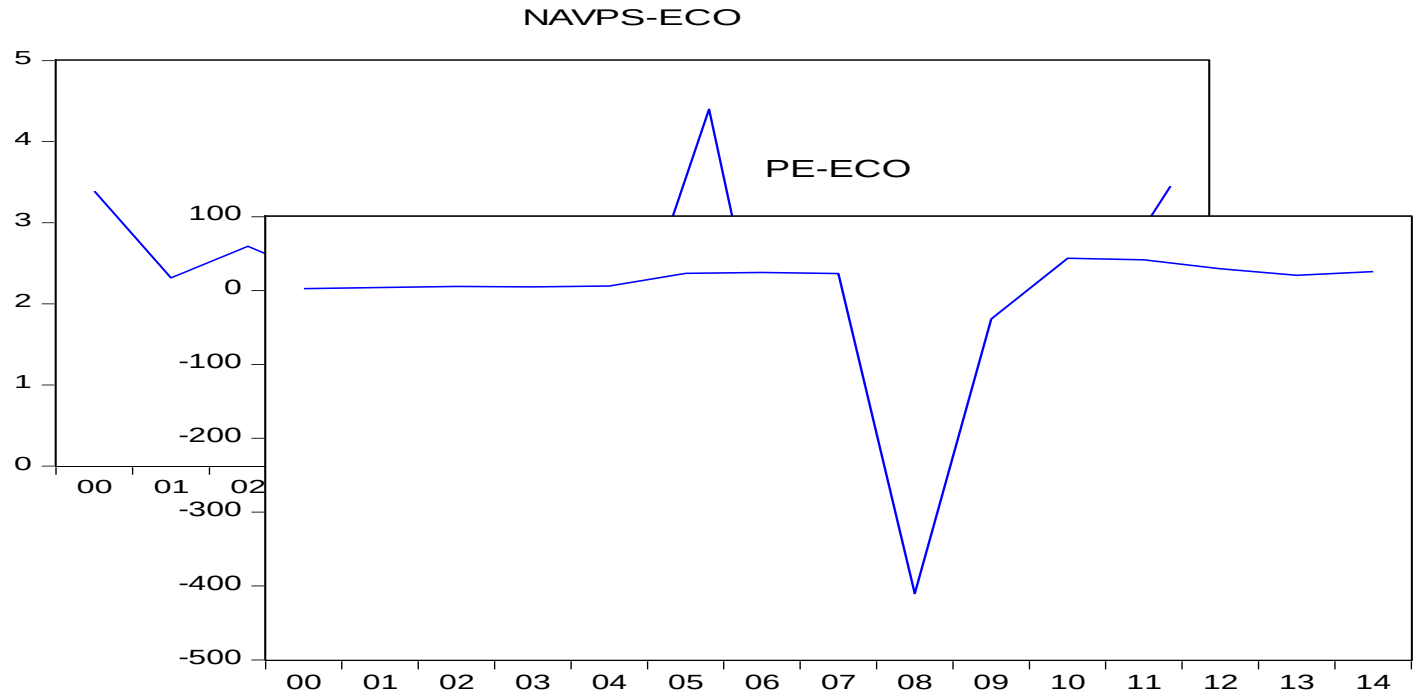




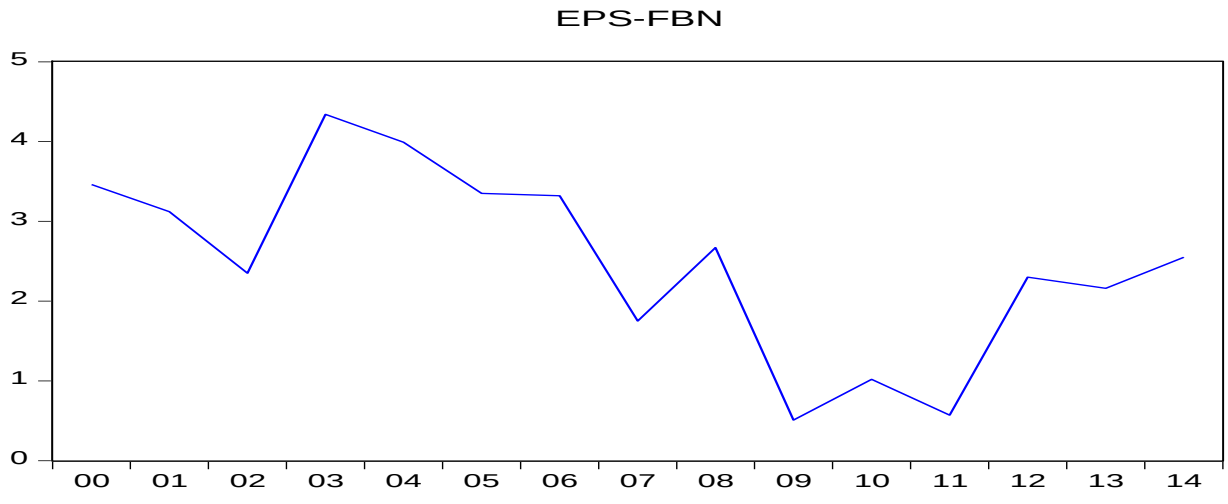


3. For Eco Bank:

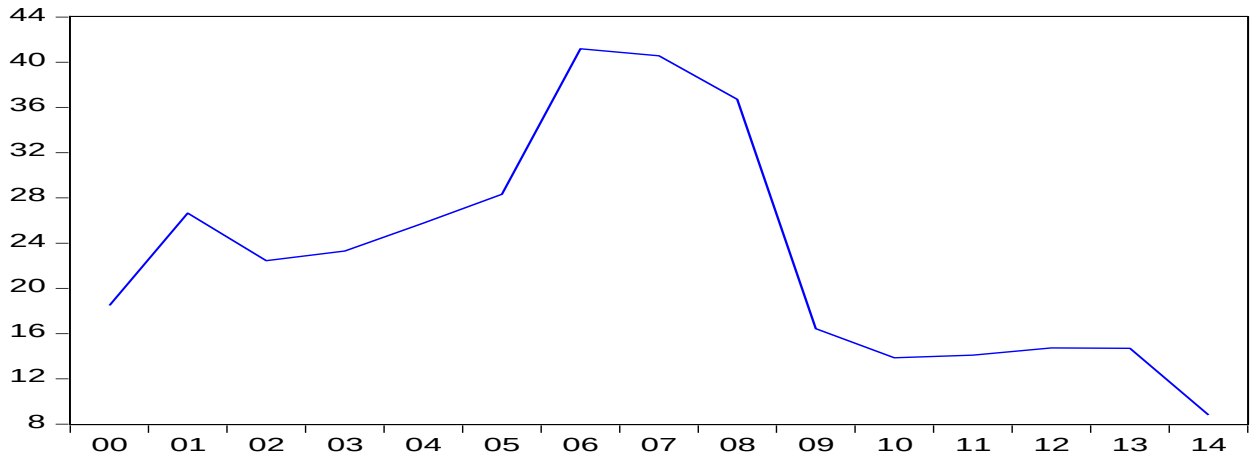




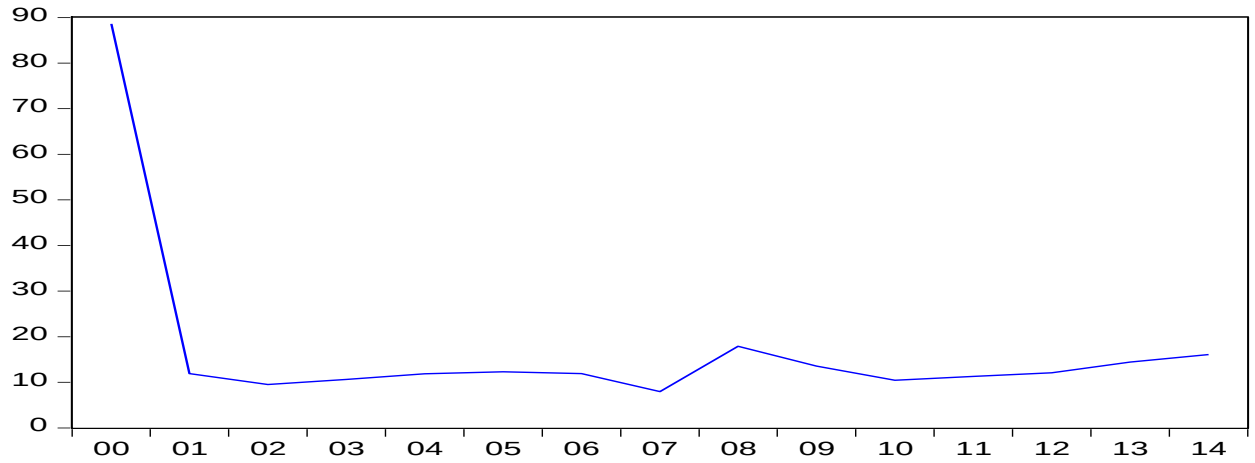
4. For First Bank:



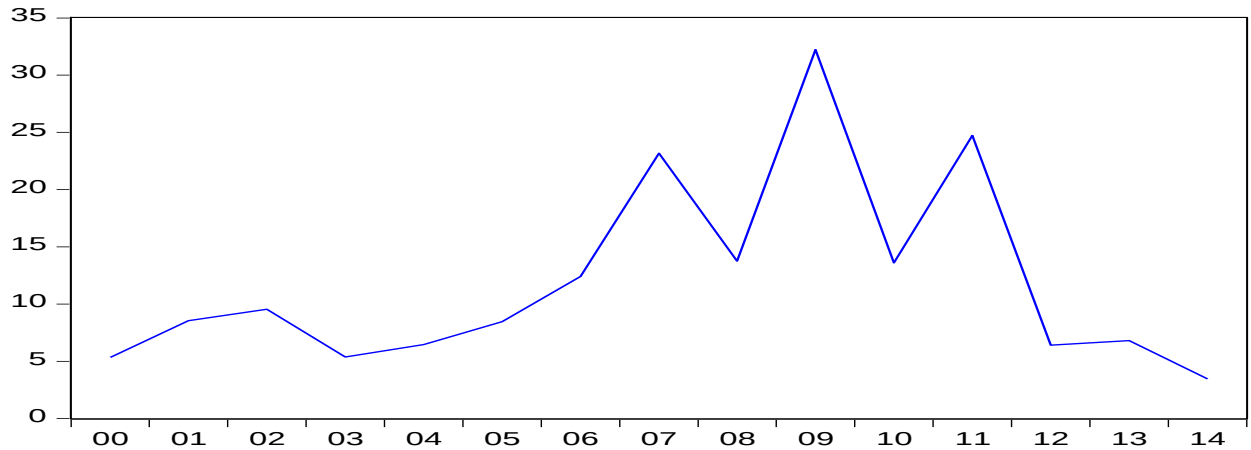
MP-FBN



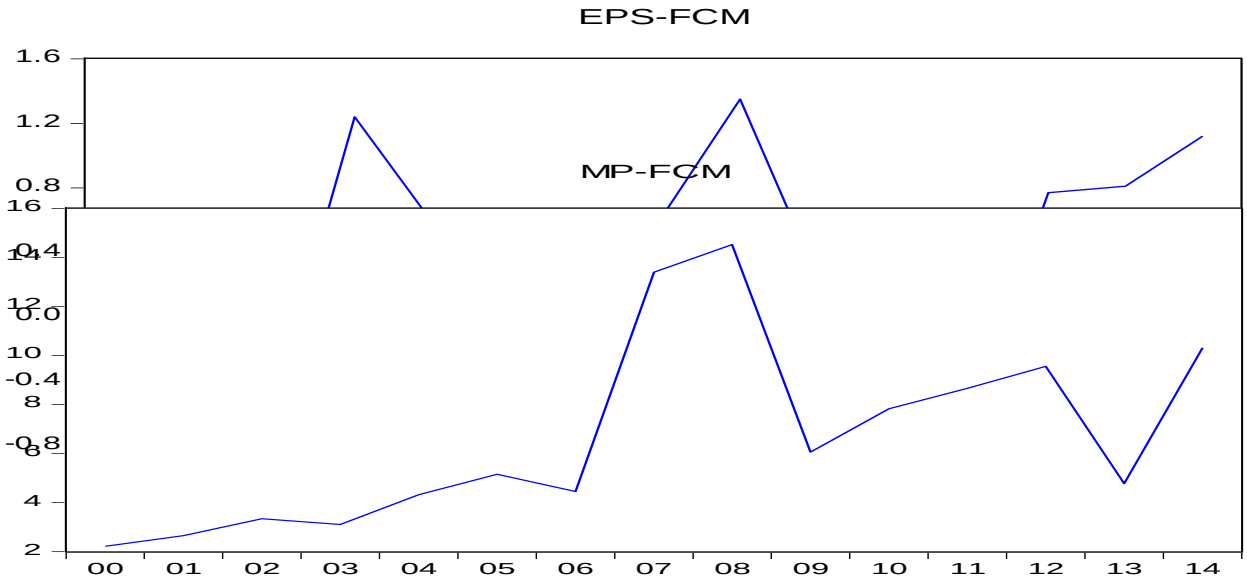
NAVPS-FBN

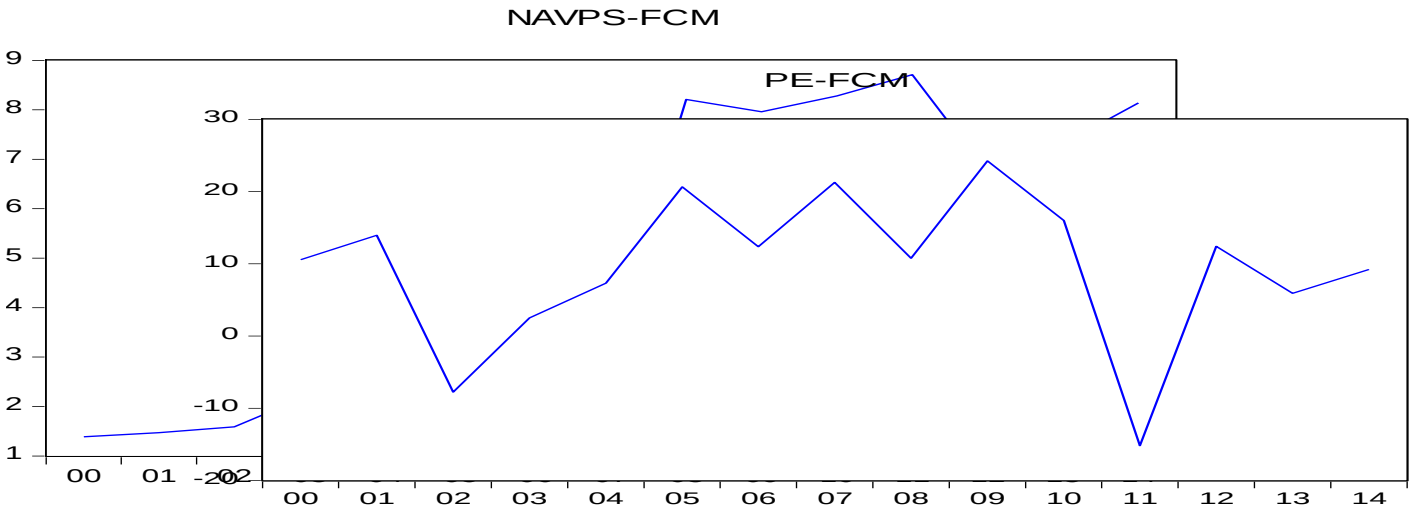


PE-FBN

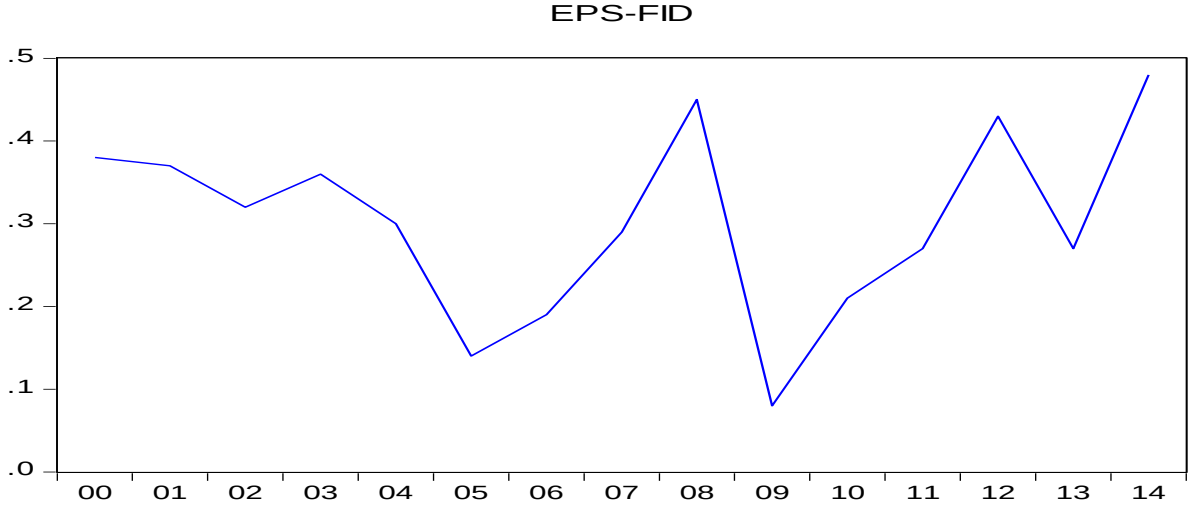


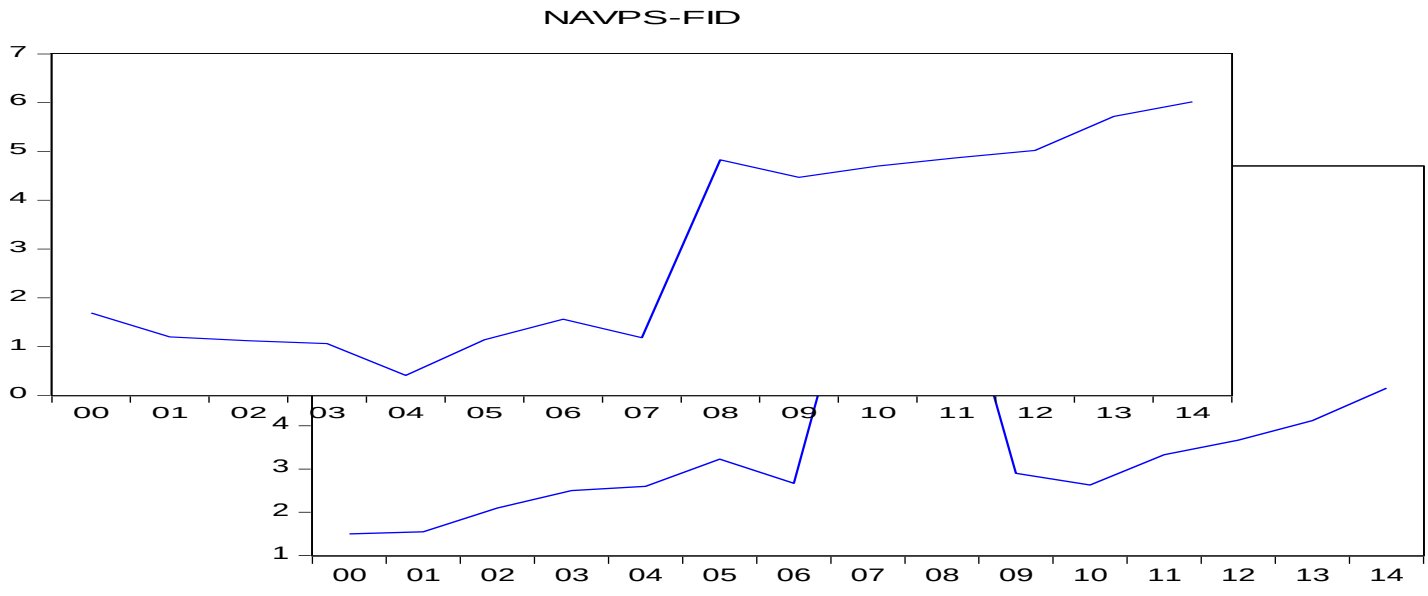
5. For FCMB:

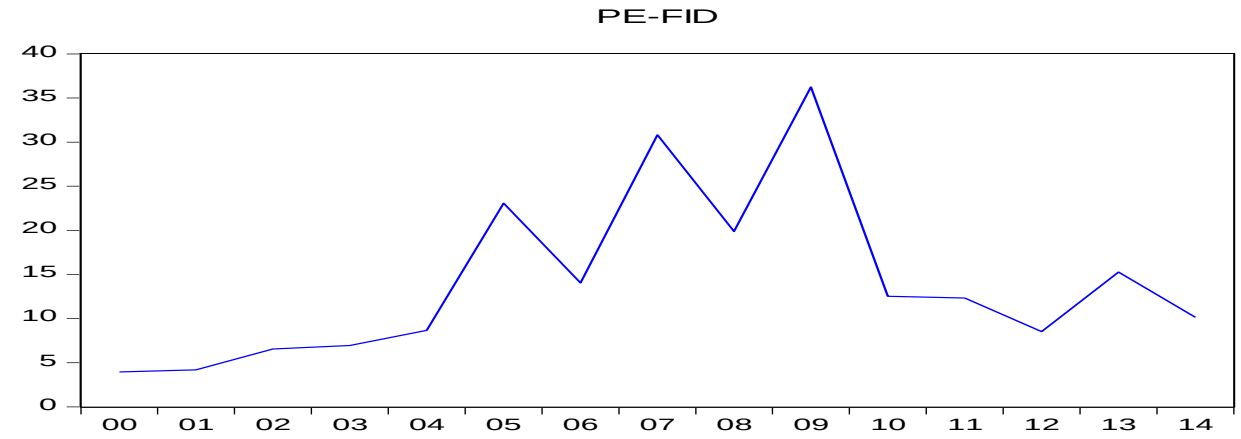




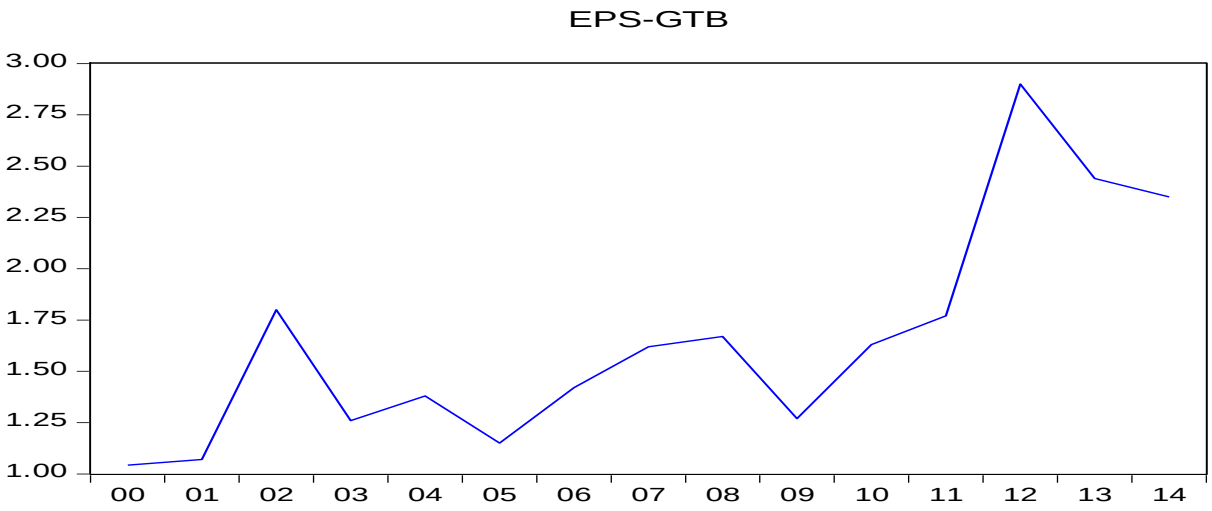
6. For Fidelity Bank:

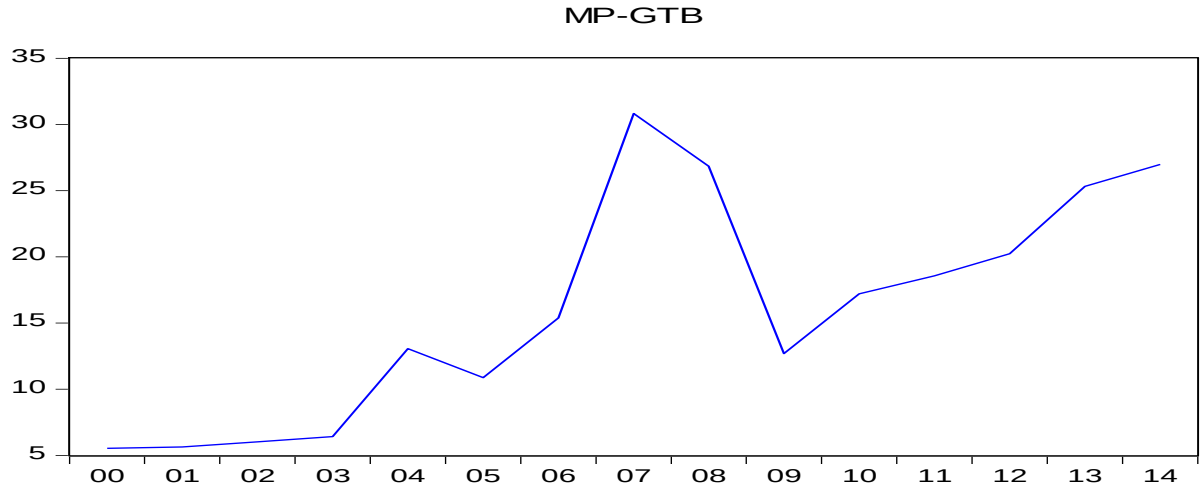


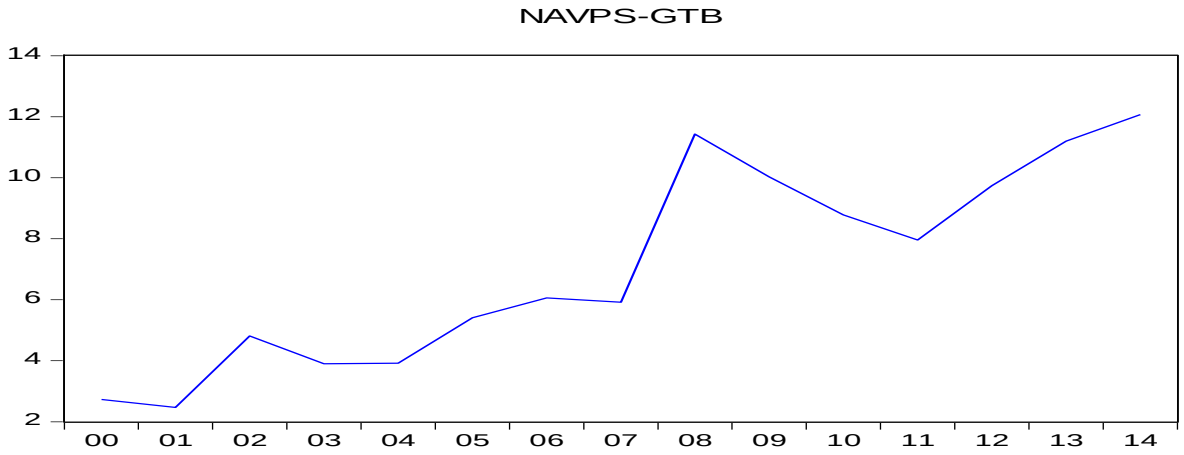

NAVPS-FID
7
6
5
4
3
2
1
0
00 01 02 03 04 05 06 07 08 09 10 11 12 13 14
4
3
2
1
00 01 02 03 04 05 06 07 08 09 10 11 12 13 14

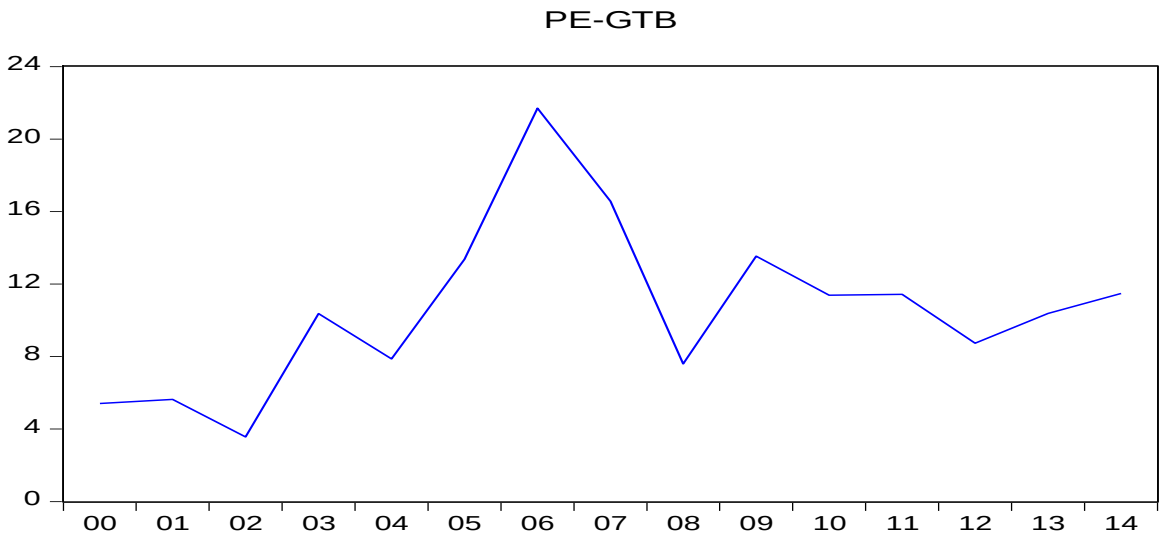

PE-FID
40
35
30
25
20
15
10
5
0
00 01 02 03 04 05 06 07 08 09 10 11 12 13 14

7. For GTB:

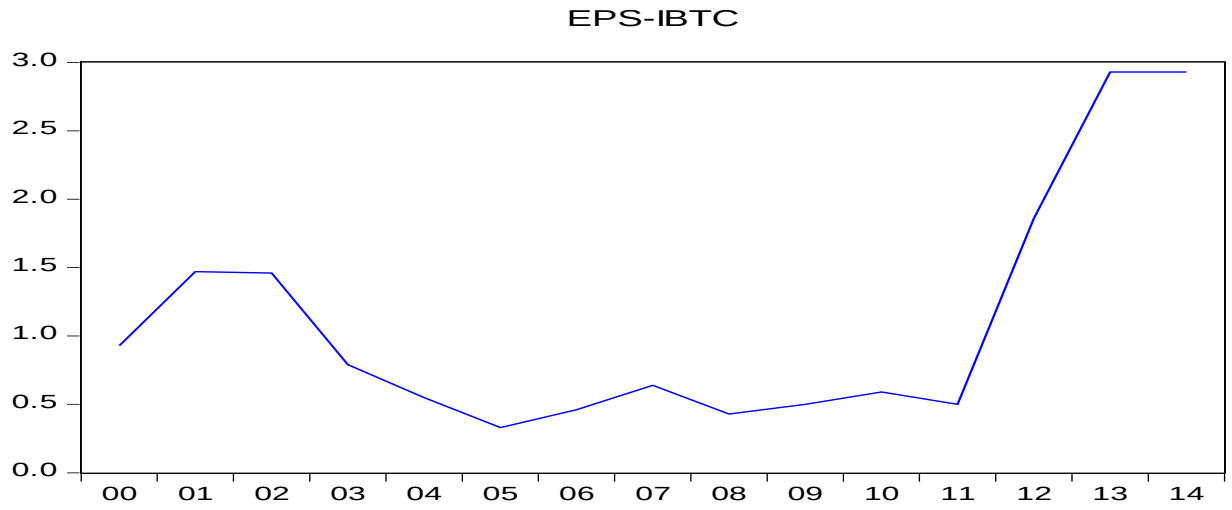

EPS-GTB
3.00
2.75
2.50
2.25
2.00
1.75
1.50
1.25
1.00
00 01 02 03 04 05 06 07 08 09 10 11 12 13 14

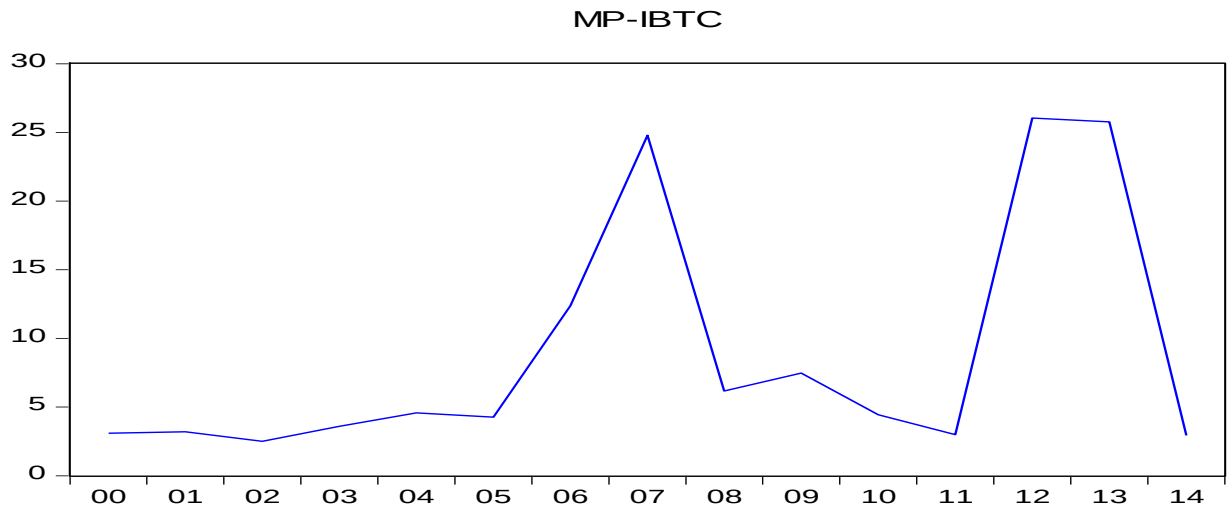

MP-GTB
35
30
25
20
15
10
5
00 01 02 03 04 05 06 07 08 09 10 11 12 13 14

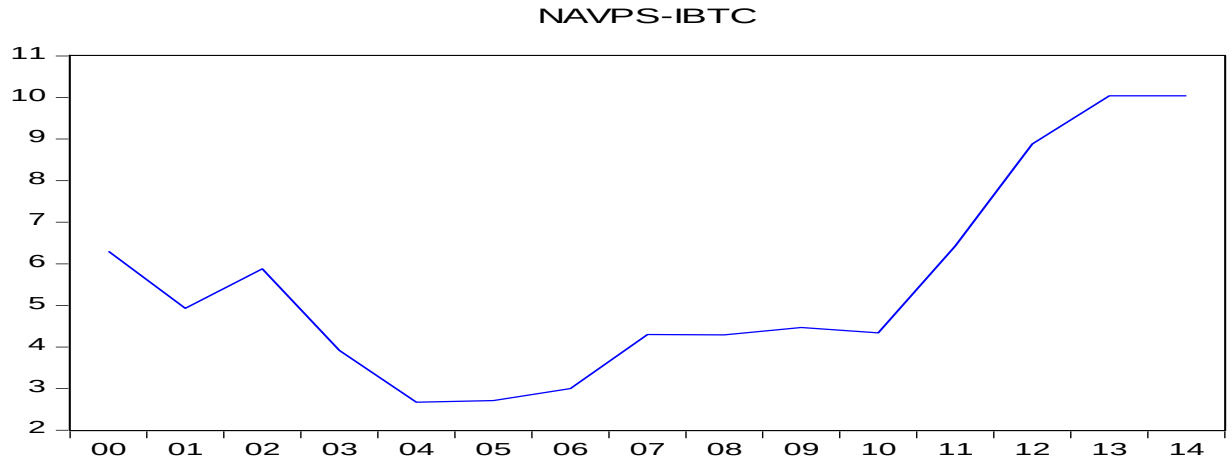

NAVPS-GTB
14
12
10
8
6
4
2
00 01 02 03 04 05 06 07 08 09 10 11 12 13 14

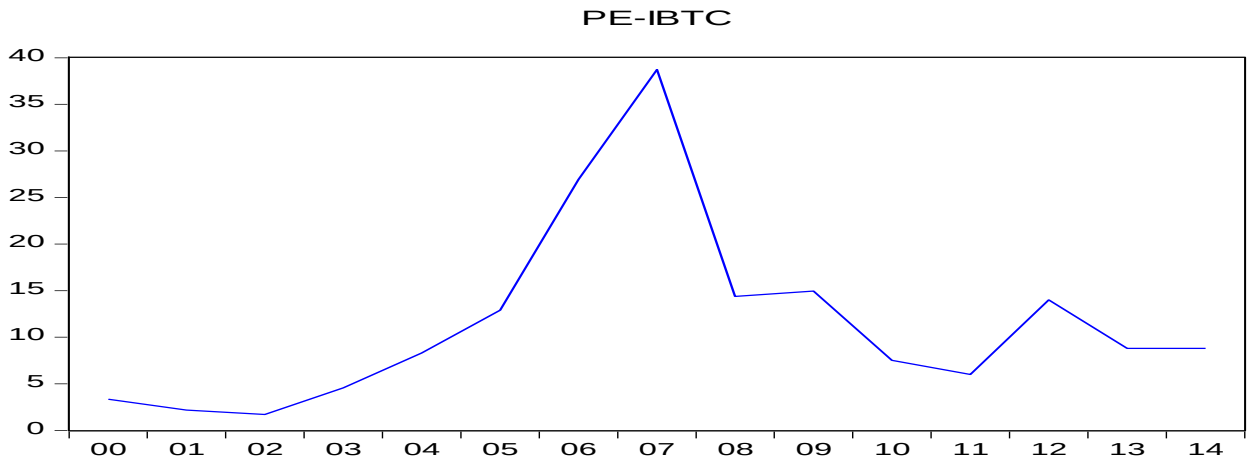


8. For Stanbic IBTC:

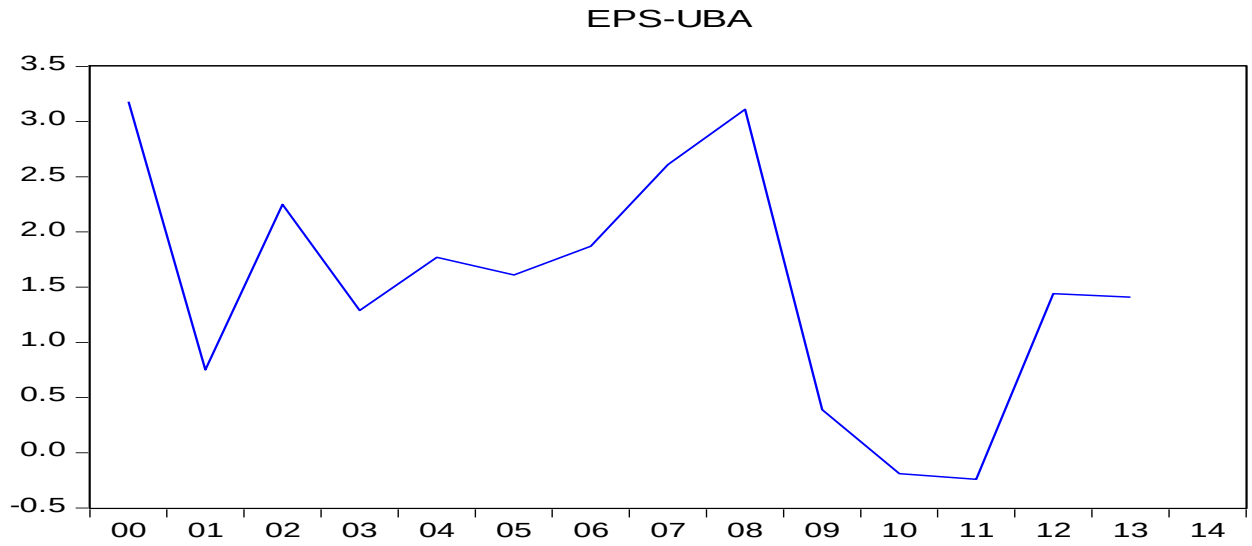


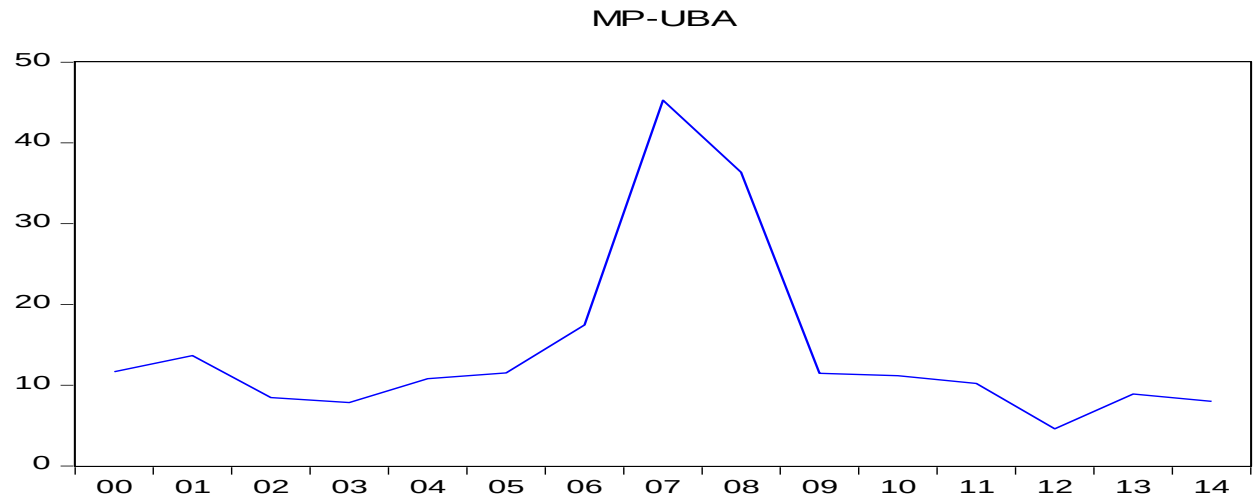


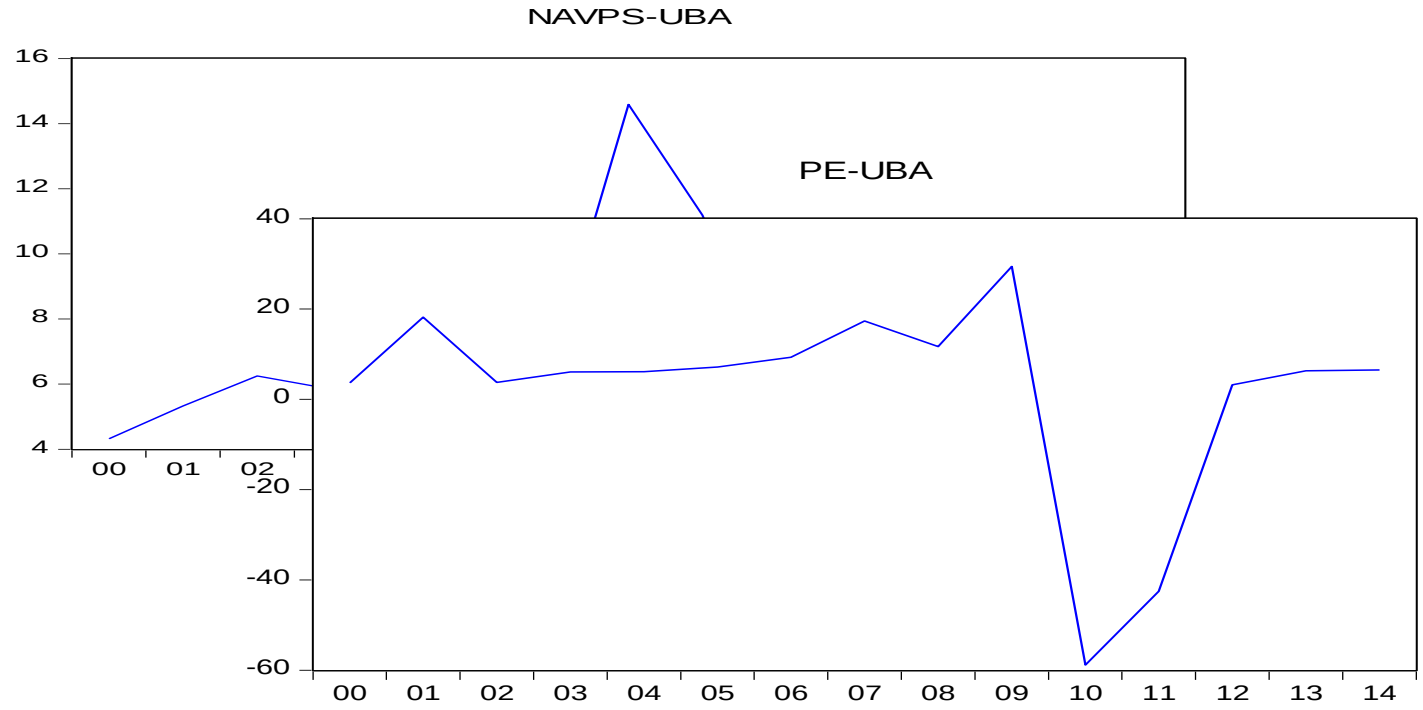

NAVPS-IBTC
11
10
9
8
7
6
5
4
3
2
00
01
02
03
04
05
06
07
08
09
10
11
12
13
14


PE-IBTC
40
35
30
25
20
15
10
5
0
00
01
02
03
04
05
06
07
08
09
10
11
12
13
14

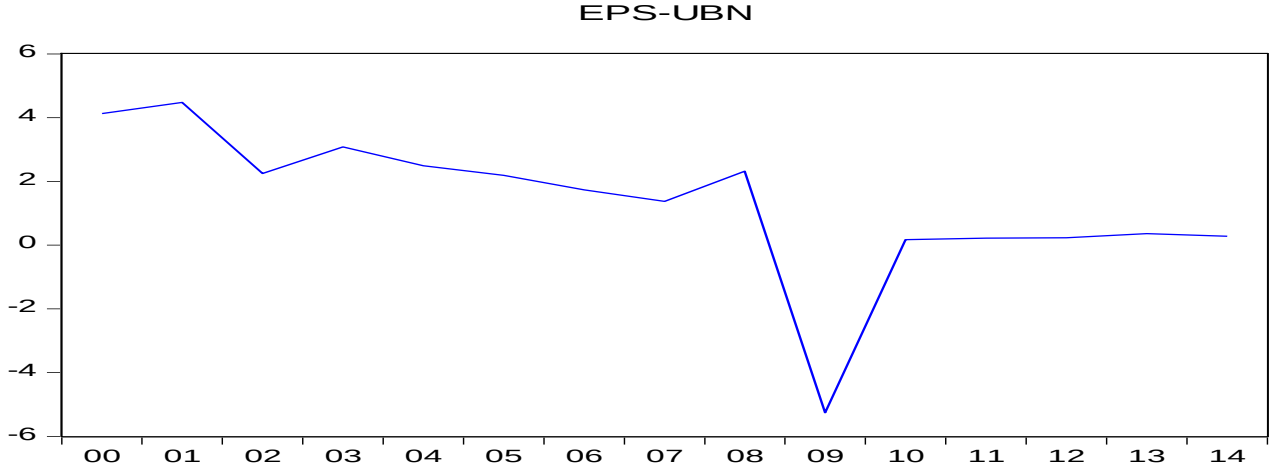
9. For UBA:

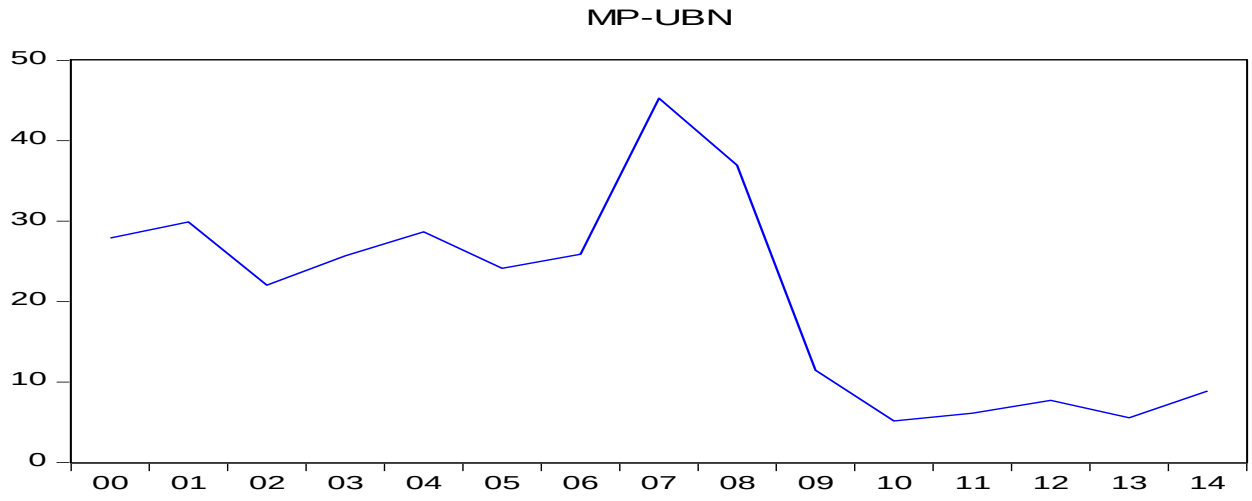

EPS-UBA
3.5
3.0
2.5
2.0
1.5
1.0
0.5
0.0
-0.5
00
01
02
03
04
05
06
07
08
09
10
11
12
13
14

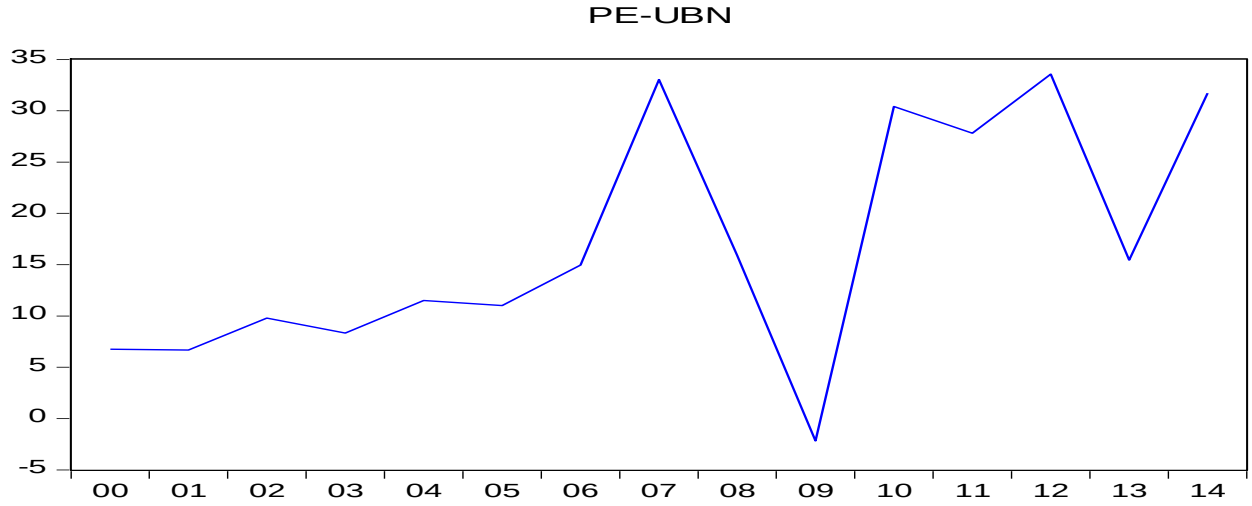

MP-UBA
50
40
30
20
10
0
00
01
02
03
04
05
06
07
08
09
10
11
12
13
14

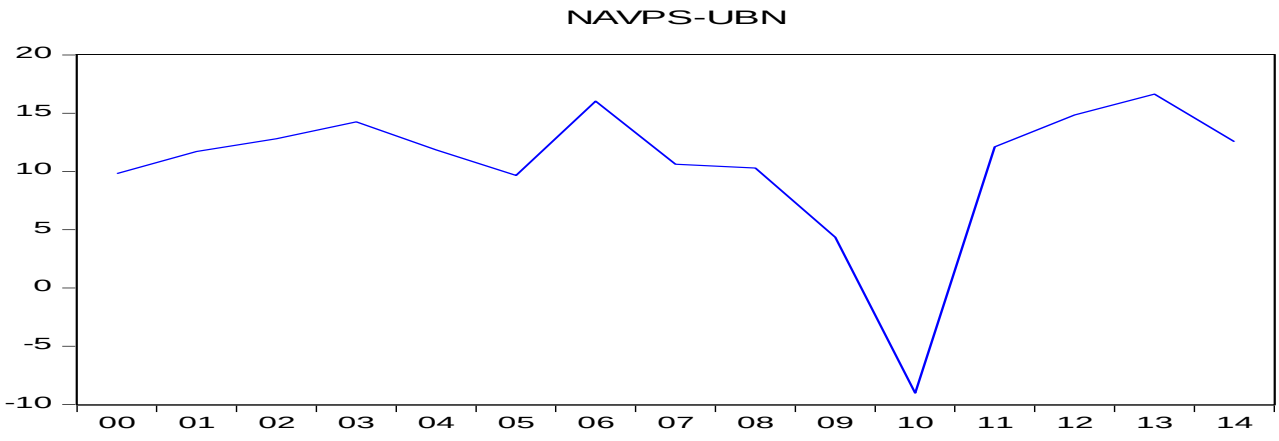

NAVPS-UBA
16
14
12
10
8
6
4
00
01
02
PE-UBA
40
20
0
-20
-40
-60
00
01
02
03
04
05
06
07
08
09
10
11
12
13
14

10.For UBN:

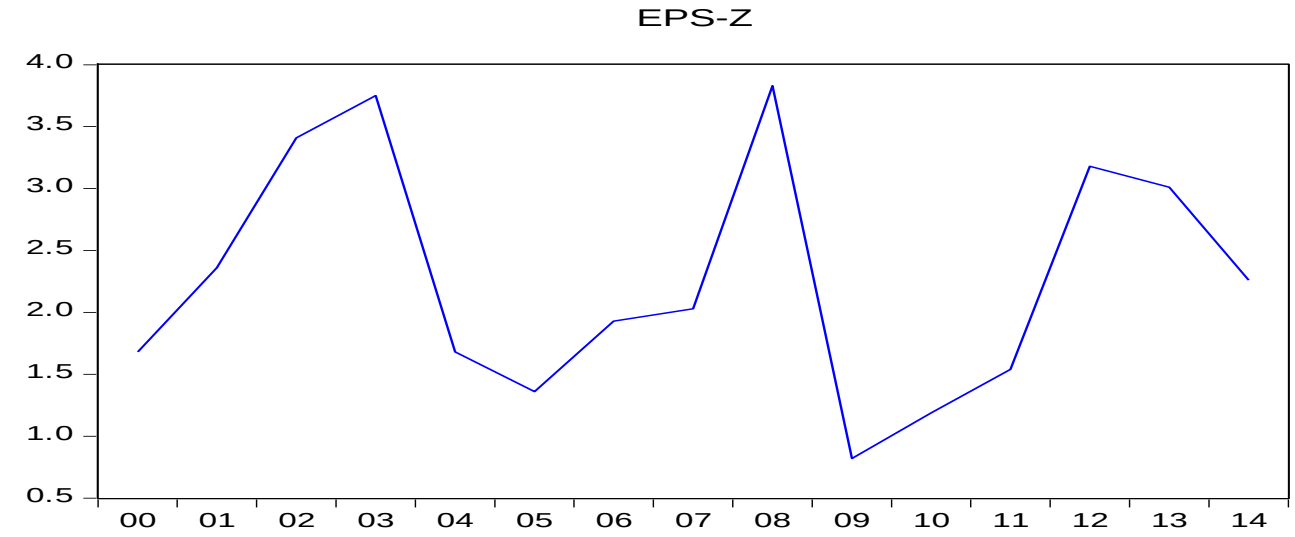

EPS-UBN
6
4
2
0
-2
-4
-6
00
01
02
03
04
05
06
07
08
09
10
11
12
13
14

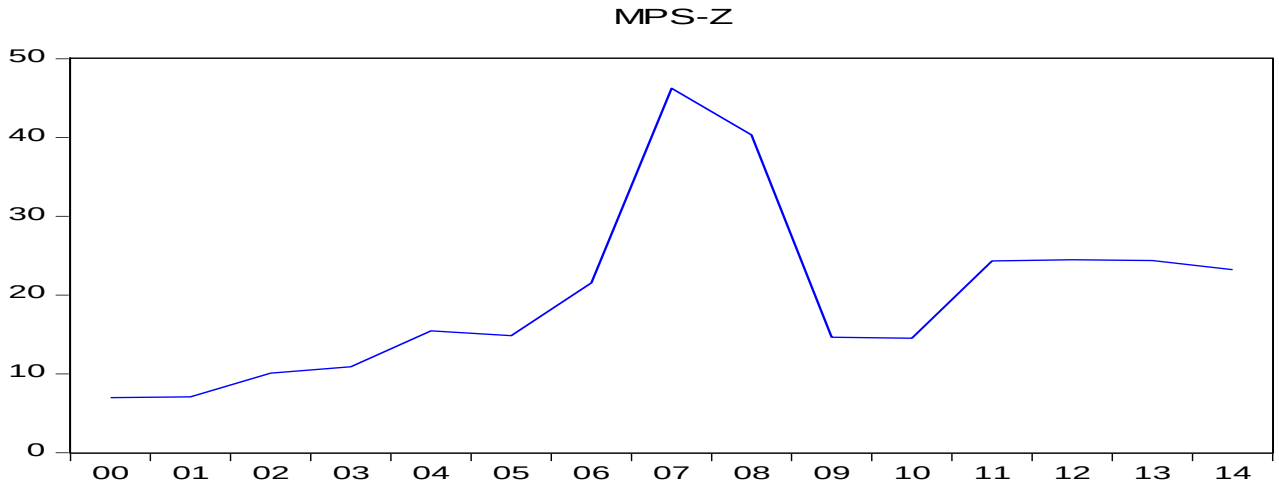


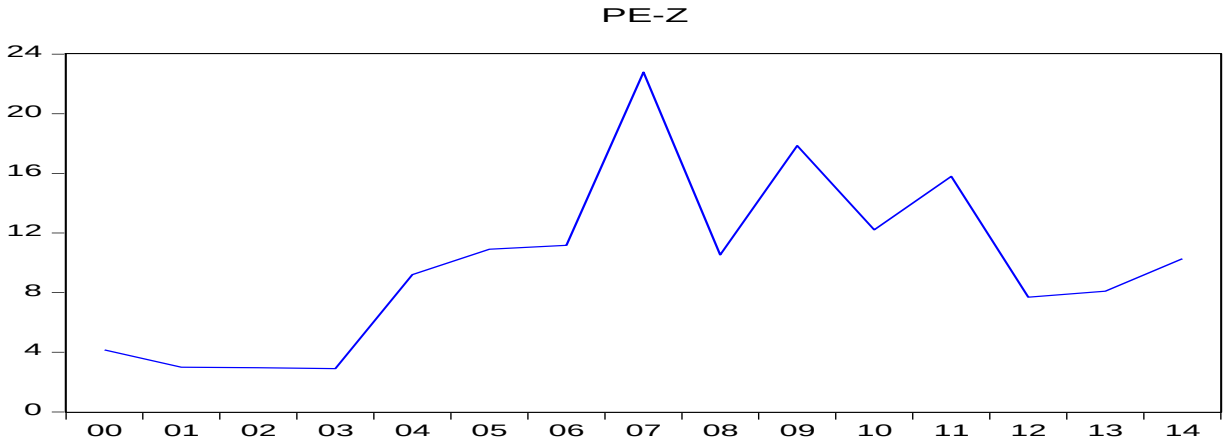


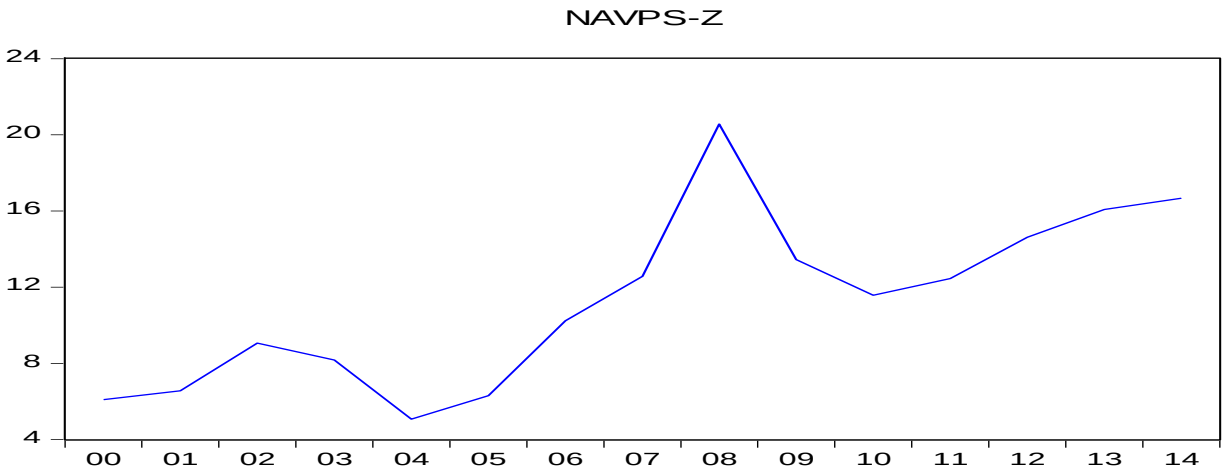


11. For Zenith:


EPS-Z
4.0
3.5
3.0
2.5
2.0
1.5
1.0
0.5
00 01 02 03 04 05 06 07 08 09 10 11 12 13 14


MPS-Z
50
40
30
20
10
0
00 01 02 03 04 05 06 07 08 09 10 11 12 13 14


PE-Z
24
20
16
12
8
4
0
00 01 02 03 04 05 06 07 08 09 10 11 12 13 14


NAVPS-Z
24
20
16
12
8
4
00
01
02
03
04
05
06
07
08
09
10
11
12
13
14

Unit Root for External Factors: