DETERMINANTS OF SHARE PRICE ON THE NIGERIAN STOCK EXCHANGE

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Abstract:

Factors influencing demand and supply interact to determine price. In a competitive stock market, these factors include: level of economic activity, interest, inflation and exchange rates, as well as firm's performance measures such as earnings, dividend and net assets per share, return on equity and assets and gearing ratio among others. These accounting and macroeconomic variables were utilized to empirically assess the determinants of share price (SP) and their relative importance on the Nigerian Stock Exchange (NSE). Dividend Share Valuation Model, where SP is the discounted value of stream of dividends conditional on information, was adopted. Seventy-two dividend-paying firms listed on NSE between 2000 and 2011 were sampled. Generalized least squares and stepwise regression estimation techniques were used to evaluate the panel model at 5% level of statistical significance The results of both techniques revealed that firm performance and macroeconomic conditions are major determinants of Share Price on NSE.

KEYWORDS: Share Price, Dividend Share Valuation Model, Firm Performance, Macroeconomic Condition, Nigerian Stock Exchange

Word Count: 148

1.0.Introduction:

Before the introduction of the Securities and Exchange Commission Act Cap 406, 1990, the Nigerian Securities and Exchange Commission (SEC) had been responsible for the determination of share price in Nigeria. The Nigerian capital market was highly regulated exhibiting different forms of imperfections; barring of foreign investors from the market, imposition of price caps on share price movement and regulation of interest rates. All these prevent share prices from responding freely to forces of supply and demand. Thus, there were a lot of criticisms against share price determination process by SEC (Adelegan 2003). However, there was no credible evidence provided to justify the allegations against the Commission then. Ariyo(1991)rightly observed that unless there were identified deficiencies in share price determination, meaningful suggestions would not be made for their rectification.

The Securities and Exchange Commission Act Cap 406, (1990) transferred the pricing function from the Commission to the issuing houses/brokers. Since the transfer of the pricing function, little has been done to identify the determinants of share price and assess share valuation function in the market. Many previous

capital market studies in Nigeria focused on informational efficiency, testing the validity or otherwise of efficient market hypothesis (Adelegan 2003, 2004). The existing few attempts on determinants of share price utilized accounting variables or macroeconomic variables (Oyama, 1997; Wickremasinghe, 2006; Oyerinde, .2009; Uwalomwa et.al. 2012 and Jeroh and Edesiri 2015). This study seeks to assess the interacting factors of supply and demand influencing the determination of share price on the Nigerian Stock Exchange from both macroeconomic and microeconomic perspectives.

The rest of the paper is divided into four sections. Section 2 reviews relevant literature on demand and supply factors in the capital market. Theoretical framework and model for share price determination are given in Section 3. Section 4 presents and discusses the empirical result and findings of the study. The last section gives concluding remarks and recommendations.

2.0.Literature Review:

Finance is a marketable resource with its own market, demand, supply and cost; it can be bought and sold in very much the same manner as any other commodity or good. Therefore, laws of supply and demand apply to stock as it applied to other goods and services in the market place. Just as there are different prices in different markets, there are different sources of finance each with their individual characteristics and cost. As the manufacturer of a product requires a particular blend of materials of different types, so efficient financing requires an appropriate combination of capital from different sources either short or long term. In terms of long term sources of finance, debt and equity are usually distinguished. A choice between equity and debt constitutes a financing decision for firm, which represents the supply side of shares. A decision to buy shares is an investment decision from investors' point of view which stands for the demand side of shares (AlDeehani, 2005).

Market price or economic price is the amount for which a good or service is offered in the market place; it is simply the amount at which goods and services are sold or exchange in the market. Also, price could be seen as a financial expression of the worth of the product and this is why setting the right price is important. In classical economics, market price is primarily determined by the interaction of supply and demand. The factors affecting the demand and supply of a commodity are many; some are within the control of the business and others are outside the control of the business. Some of the factors within the control of the business include: advertising & sales promotion, training and organization of the sales force, effectiveness of distribution (e.g. access to retail outlets; trained distributor agents) and quality of after-sales service. Price of substitute, price of complements, consumers' disposable income, and consumer tastes and fashions are part of the factors that are outside the control of the business (Sunde and Sanderson, 2009, Olayemi, 2004 and Schotter, 2001.

2.1. Supply of Shares:

Finance has been classified in many ways, using different criteria such as duration, where the fund is coming from and nature. Using duration as a basis of classification, we have short-term, medium term and long term finance. We made reference to internal and external sources of finance; considering where the finance comes from. By nature of finance, we have fixed or permanent capital and circulating or working capital. We also have off-balance sheet sources of finance which do not show up as liability in the balance sheet e.g. leasing and debt factoring.

Short-term sources are financing sources of up to 1 year duration. They are flexible source of financing usually used in financing working capital needs. These include: borrowing from friends, relatives and cooperative societies, trade credits, accruals, bank overdraft and loans, factoring of debtors, acceptance credits etc. Medium term sources are financing sources of 1 year to 7 years duration. The major ones are: term loans, hire purchase agreement, finance lease and sale and lease back. Financing sources of 7 years or

more duration are referred to as long-term finance. These consist of Loan Stock/Debentures, Preference Shares, Ordinary Shares, and Retained Earnings. Among the factors influencing choice of finance, cost of finance (interest rate) and the amount or size of fund required are very crucial. Even though debt is cheaper than equity, firms still preferred to source for large amount required externally through issuance of shares, if the firm is listed in a stock market. If not, the firm may seek for listing to be able to access investible funds[1]. This is because of financial risk associated with debt as a source of finance.

The classic theorem of Modigliani and Miller (1958) which proposed that a firm's choice of financial structure does not affect its value has been proved wrong under asymmetric information. Financial signaling proposes that managers may use capital structure changes to convey information about the profitability and risk of the firm. Issuance of stock instead of debenture could be a signal that the existing stock is overvalued while issuance of debenture stock could mean that the stock is undervalued (Akintoye 2006).

2.2. Demand for Shares:

Investments can be classified on the basis of duration (temporary or short-term investments and permanent or long-term investment), where the investment lies (internal or external) and nature of the investment. On the basis of nature, investment could be in real or financial assets.The objective of investment and the attitude of investor to risk will determine the type of investment an investor will choose. An investor may seek to maximize expected return from its investment, minimize risk or have liquidity maintenance as the objective of investment. Even though every investment involves risk, some are more risky than the other and the higher the risk, the higher the return. Demand for a stock is affected by a number of factors identified in the literature. Notably among these are investors' wealth, expected rate of return, risk, liquidity, earnings, earnings expectation, the company's debt load and psychology.

Expectations regarding price, earnings and returns directly affect demand for shares. If investors feel the price for a share will drop soon, they will not buy the share now but may buy it at a later date at a lower price. If prices are expected to rise, investors will buy now hoping to sell in future or take advantage of capital gain associated with such increase in price. Psychology can play a huge role in demand. Individual stocks as well as whole markets can move quickly if there is a general belief among investors that the stock or the market will go up or down even if there is no rational basis for such movement. Extreme movements to the upside are called bubbles, while extreme movements to the downside are called panic selling. It has also been established in the literature that the price of a substitute will affect the price for a particular product. Shares and fixed deposit in this context are close substitutes; therefore interest rates movements will affect demand for shares and consequently prices of shares in the market.

All the determinants of demand and supply interact to determine the price; thus combining all the factors enumerated above, it is obvious that factors affecting the price of equity can be viewed from the macro and micro economic perspectives. Macroeconomic factors include general economic conditions i.e. how the economy is performing, government regulations such as new government policies, inflation, money supply, industry competition, uncontrollable natural or environmental factors, industrial actions etc.

The microeconomic factors or company specific factors are board changes, management changes, new asset creation, dividends, good financial performance etc. In this regard we summarized factors that are likely to determine the price of share to include: real GDP, interest rate, inflation rate, exchange rate, money supply and firm measures of performance such as earnings per share, dividend per share, net assets per share, return

[1]This explains why many insured banks in Nigeria sought for listing to be able to raise the required fund during the recapitalization exercise.

on equity, return on assets and gearing ratio among others.

3.0. Theoretical Framework and Methodology:

3.1. Theoretical Framework:

The price of a share depends on the return which the investor expects to get when buying the share. These returns come in two forms; namely: dividends and capital gain. Dividends from owning a share are discounted to their Present Value to determine the current price of a share, given by:

$$SP_0 = D_1 + SP_1 / (1 + r) \quad \text{eq 1}$$

SP_0 is the current share price

D_1 is the dividend to be received in a year's time.

$SP_1$is the share price in a year's time.

'r' is the rate of return for securities of this risk class.

Note that SP_1 depends on benefits the next owner expects to get from ownership.

$$SP_1 = D_2 + SP_2 / (1 + r) \quad \text{eq 2}$$

Substituting for P_1 in P_0, we have:

$$SP_0 = D_1/(1+r) + D_2/(1+r)^2 + SP_2/(1+r)^2 \quad \text{eq 3}$$

In the same way, SP_2 and subsequent SP will depend on expectation of returns in the relevant periods by next owners. Thus, the current share price is the discounted flow of all future dividends for as long as the share pays dividends i.e. for infinity:

$$SP_0 = D_1/(1+r) + D_2/(1+r)^2 + D_3/(1+r)^3 + \text{----------} \quad \text{eq 4}$$

Thus:

$$SP_0 = \sum_{t=1}^{\infty} D_t/ (1+r)^t \quad \text{eq 5}$$

The equation above presents the dividend share valuation model (DSVM) and it follows that:

$$SP_t = \sum D_{t+1}/ (1+r)^t \quad \text{Eq. 6}$$

Where:

SP_t, is the price of a share at time t;

D_{t+1} is the Dividend at time t+1

According to Dowers (2001), investors form a rational expectation about future dividends conditional on information. Thus:

$$SP_t = E[\sum D_{t+1}/ (1+r)^t \,|\theta_t] \quad \text{Eq. 7}$$

Where:

SP_t, is the price of a share at time t;

θ_t is the information set that is available at time t;

$E[.|\theta_t]$ denotes the mathematical expectation conditional on information set θ_t, available at time t,

D_{t+1} is the dividend at time t+1; and

r is the rate of return for securities of this risk class used as the stochastic discount factor for cash flows that occur at time t.

From equation 7 above, the price of a share is dependent on dividend stream D_{t+1}, the rate of return 'r', and the information set, θ_t, expressed as:

$$SP_t = f(D_{t+1}, r, \theta_t) \quad \text{Eq. 8}$$

The discounting factor 'r' and future flow of dividends D_{t+1} in turn depend on macroeconomic conditions in the country (Chen, Roll and Ross, 1986; Oyama, 1997 and Wickremasinghe, 2006). This idea could be expressed in equation form as follows:

$$D_{t+1} = f(RGDP_t, IR_t, ER_t) \quad \text{Eq. 9a}$$

Likewise:

$$r = f(RGDP_t, IR_t, ER_t) \quad \text{Eq. 9b}$$

Thus, the reduced form of equation 8,9a and 9b is given as:

$$SP_t = f(RGDP_t, IR_t, ER_t, \theta t,) \quad \text{Eq. 10}$$

Where:

$RGDP_t$ is the real GDP at time t;

IR_t is the interest rate at time t;

ER_t is the exchange rate at time t;

$\theta t$is the information available at time t;

Other variables are as defined earlier.

For primary and secondary markets, accounting information is crucial. Before fixing the prices of new issues at the primary market, the issuing houses examined information contained in the prospectus of the companies involved and past annual reports submitted. At the secondary market, the stockbrokers examined information contained in published annual reports. Financial analysis is carried out on these two documents through different forms of ratios to evaluate the profitability performance, liquidity as well as the capital structure among others. Therefore, a number of financial ratios disclosed in or calculated based on the financial accounting information disclosed are crucial to share valuation. The relevant ratios evaluated by practitioners include: Price Earnings (PE) ratio, Earnings per Share (EPS), Dividend per Share (DPS), Return on Equity (RoE), the Gearing Ratio (GR) and Net Asset per Share (NAPS). These ratios, referred to as financial or accounting variables in this study, are measures of firm performance as stated in the literature review. Hence, they are important to investors in evaluating the performance and value of firms and will definitely influence their buy, sell or hold decisions. Therefore, these ratios are also included as determinants of share price. The resultant equation for a particular firm is:

$$SP_{it} = \alpha + \beta_1 RGDP_t, + \beta_2 IR_t, + \beta_3 ER_t, + \beta_4 PE_{it} + \beta_5 EPS_{it,} + \beta_6 ROE_{it,} + \beta_7 GR_{it,} + \beta_8 NAPS_{it,} + \beta_9 DPS + \varepsilon_{it} \quad \text{Eq. 11}$$

Where: α= constant term

PE_{it} is price earnings ratio for firm i in period t

EPS_{it} is earnings per share for firm i in period t

DPS_{it} is dividend per share for firm i in period t

ROE_{it} is return on equity for firm i in period t

GR_{it}, is gearing ratio for firm i in period t

$NAPS_{it}$, is net assets per share for firm i in period t

'$\beta_1$to β_9' are regression coefficients

Others are as defined earlier

3.2. Methodology:

From the theoretical framework described above between share price, macroeconomic variables and firm performance measures, regression model, equation 11, was used to assess the relevance of variables identified as determinants of share price. The determinants of share price included in this study are: real GDP (RGDP), interest rate (IR), exchange rate (ER), price earnings ratio (PE), earnings per share (EPS), return of equity (RoE), gearing ratio (GR), net assets per shares (NAPS) and dividend per share (DPS).

Macroeconomic variables, real gross domestic product (RGDP), interest rate (IR) and exchange rate (ER) are available from secondary sources and were obtained from 2012 edition of Statistical Bulletin of the Central Bank of Nigeria. The exchange rate is the month-end bilateral naira-US dollar exchange rate[2] while the interest rate is the fixed deposit rate[3]. Accounting variables utilized in this study are not available for listed firms on the Nigerian Stock Exchange from secondary source. Annual reports of each firm from 2000 to 2011 constitute the source of firm fundamentals. From these fundamentals, the above ratios which are basically measures of firm performance were computed. This source was used in conjunction with the NSE fact books and fact sheets. With a sample of seventy-two dividend paying firms studied for twelve years (between 2000 and 2011), different firms at different time horizons were considered. The number of observation is eight hundred and sixty-four and panel data were involved. Both random and fixed effect models were estimated with Generalized Least Squares (GLS). With the aid of Hausman specification test, a choice was made between fixed effect and random effect models. Stepwise Regression estimation technique was also used to evaluate the relative importance of the variables.

4.0. Empirical Analysis and Discussion:

4.1. Preliminary Tests:

4.1.1. Correlation Result:

From the correlation result in table 1, SP is positively related to all the variables with the exception of IR and PE. This implies that, all the variables are expected to move in the same direction with SP. If any of the variables increases, SP will increase and vice versa. The negative correlation between SP, PE and IR implies that share price and these two variables move in opposite direction. If there is an increase in interest rate, the

[2] This is used because the country's international transactions are usually invoiced in US dollars.
[3] This stands for price of substitute as fixed deposit is the alternative investment opportunity

selling price of the shares will fall. The same hold between share price and price earnings ratio (PE). The negative relationship between SP and interest rate is expected since shares and deposits are close substitutes. If interest rate on deposit increases, deposit becomes more attractive, making the demand for shares to fall and so the price of shares will fall as well. It is worthy of note that the exchange and interest rates are also negatively related, affirming theoretical relationship between the two variables. Among the explanatory variables, GR and PE ratio are highly correlated[4].

4.1.2. Descriptive Statistics:

The descriptive statistics of all the variables were computed and is presented in table 2. From the table, the dependent variable, SP, has a mean of ₦21.26, with the minimum of ₦0.50 and the maximum being ₦407.29 with a standard deviation of 41.64. For net asset per share (NAPS), the mean is ₦6.84, with a minimum of ₦-19.01 and a maximum of ₦111.18. The earnings per share (EPS) have a mean of ₦1.47, with the minimum of ₦-20.83 and a maximum of ₦59.76. This shows that the performance of the firms in terms of earnings is not all that encouraging. This explains why many of the firms find it difficult to pay dividends. This is reflected in the mean distribution of DPS for the group which is as low as ₦0.82 with a minimum of ₦0.01[5] and maximum of ₦15.23.

The gearing ratio (GR) is with a mean of 4.21% while the PE ratio is with the mean of 38.71. The disadvantage of mean, being influenced by 'extremums' (extreme large or small values), is clearly seen in the mean value for GR and PE ratios which are difficult to interpret. The median for PE is 20.33. On the average, a PE ratio of 15 is taken to be ideal, while a share with a PE ratio less than 15 is considered undervalued and a PE ratio higher than 15 is considered overvalued. The return on equity (RoE) is quite low for Nigerian firms. The mean is 20%, with a median value of 15%. For the macroeconomic variables in the study, the mean distribution is ₦130, 10% and ₦576433M for exchange rate, interest rate and real GDP respectively.

4.2. Estimation Results:

4.2.1. Estimation of Regression Model:

Table 3 shows that the explanatory power of the model as indicated by the adjusted R^2, is approximately 75% with a significant F-statistic of 32.67 at 1%. The significant determinants of share price as shown in the table are: LRGDP, RoE, ER, NAPS and GR at the chosen 5% α- level. The coefficients of ER, RoE and GR are negative suggesting that as these variables increase, the share price will fall. The coefficients of LRGDP and NAPS are positive, implying that increases or improvement in these variables will lead to a rise in share price. Increases in firm performance and improvement in economic activities will lead to increase in share price.

The positive relationship between share price and real GDP affirms the theoretical and empirical literature on the relationship between share price and this macroeconomic variable. Economic theory suggests that there should be a strong link between economic activity and security prices, given that the stock price is the discounted present value of a firm's dividend payout. If this payout is ultimately a function of real activity, such a link should prevail (Duca, 2007).

Table 3 shows a positive non-significant relationship between stock price and interest rates. This finding is

[4]As a result of high correlation between PE and GR, both cannot be included in the same equation. Also, with EPS already in the model, PE was removed from the regression equations except from the Stepwise regression which automatically removed it. PE is SP/EPS. SP is the dependent variable and EPS is one of the explanatory variables.

[5] The actual figure was 0 but replaced with 0.01 for firms that paid dividend in some periods and did not pay for other periods covered in the study.

contrary to theoretical expectation. This is because in theory, the interest rates and the stock price are expected to have a negative correlation. A rise in interest rate is expected to depress stock prices, if we look at it from the angle of price of substitute. One plausible reason for non-significance of interest rate in this model may be due to extremely low rates on fixed deposit in Nigeria. If the interest rate, which is return on fixed deposit, is lower than the return on shares, then such a positive non-significant relationship is feasible.

The study reveals that the relationship between share price and exchange rates is negative. According to the parity conditions, the interest rates and the exchange rates should be negatively related (negative coefficient).Hence, we would expect a positive relationship between exchange rate and stock price. Meanwhile, previous studies reported conflicting results on the relationship between stock prices and the exchange rate. While some were positive, others reported negative and still for some there was no long run equilibrium relationship between stock prices and exchange rates (Aggarwal, 1981; Nieh and Lee, 2001; Kim,2003; Doong*et al.* 2005; Muhammad and Rasheed, 2002; and Aydemir and Demirhan, 2009). Since the relationship between interest rate and share price is positive and not negative as expected, it is not surprising that expectation is not met with exchange rate as well. Moreover, previous studies on the NSE document the fact that there is poor sensitivity of equity prices to macroeconomic conditions such as exchange rate, interest rate, money supply and inflation[6] (Emenuga, 1996 and Nwokoma, 2002).

Also, the study reveals that there is significant relationship between the accounting variables and share price. There is a positive relationship between share price and net asset per share and dividend per share. Increases in these ratios signal improvements in the financial strength of the company. This will raise investors' confidence in the firm and so raise the demand for and price of the share. The gearing ratio and return on equity exhibit negative relationship with share price. The gearing ratio is expected to be as low as possible, hence a high gearing ratio is an adverse signal and therefore, the negative relationship is justified. As gearing ratio increases; signifying higher leverage, demand for the firm's share may fall, leading to a fall in share price.The negative relation between share price and return on equity is contrary to *a priori* expectation. Return on equity ratio is supposed to be a positive measure of a firm's performance. An increase in return on equity is supposed to lead to an increase in share price, all other things being equal. The negative relation discovered may not be unconnected with the fact that there is no competing investment opportunity as pointed out that interest rates on fixed deposit in Nigeria are low and not able to compete as substitute to investment in shares. A plausible explanation is also that investors are not paying attention to return on equity of firms in their investment decisions as this ratio is usually not disclose unlike earnings-per-share (EPS) that has become the single accounting number that is reported most often in media and receives by far the most attention by investors.

4.2.2. Stepwise Estimation:

The regression equation was also estimated on a stepwise basis. This enabled us to compare the scaled or the standardized coefficients with the unstandardized coefficient. This standardized coefficient is an indication of the relative importance of each of the variables. The stepwise regression introduces the variables one after the other and retained the ones that are significant in the model and excluded less significant ones. Also, changes in statistics are calculated as variables are added to the model. The result of the stepwise regression is as shown on tables 4a and 4b.

Table 4a shows the adjusted R^2 with each of the variables, starting with about 47% when DPS was the only explanatory variable. Adding real GDP resulted in a change of .031 in adjusted R^2 and F change of 53.15 with total R^2 being ≈50% for the two variables. Earnings Per Share was introduced at the third stage with a change of .018 in R^2 and 31.94 in F; the R^2 for the three explanatory variables being ≈52%. The changes in

[6]All these variables were included initially but they were highly correlated with statistics above the tolerable figures (Klein,1962 and Hauser, 1974) and they were removed from the model as a result of this.

R^2 and F-statistics with the addition of ER at stage four are 005 and 8.487 respectively. This result shows that DPS alone accounts for 47% of changes in share price while the influence of RGDP, EPS and ER are minimal as each of them contributes less than 1% of changes in share price.

From table 4b, it was observed that DPS had the largest standardized coefficient of 0.56; next to it was LRGDP with 0.30 while EPS and ER followed these two with standardized coefficient of 0.19 and 0.15 respectively. All these variables were significant at the chosen 5% statistical significant level. Therefore, the

main determinants of share price on NSE are: dividend per share, real GDP indicating the level of economic activity, earnings per share and the exchange rate with dividend per share being the most influential factor.

Table 1: **CORRELATION STATISTICS FOR SHARE PRICE EQUATION**

		NAPS	DPS	EPS	ER	GR	IR	LRGDP	PE	RGDP	ROE	SP
NAPS	Pearson Correlation	1										
DPS	Pearson Correlation	.469**	1									
EPS	Pearson Correlation	.478**	.673**	1								
ER	Pearson Correlation	.072*	-.012	.033	1							
GR	Pearson Correlation	-.027	-.003	-.009	-.044	1						
IR	Pearson Correlation	-.054	.017	-.066	-.294**	-.001	1					
LRGDP	Pearson Correlation	.091**	-.003	.022	.879**	-.015	-.394**	1				
PE	Pearson Correlation	-.185**	-.101**	-.098**	-.066	.769**	.019	-.050	1			
RGDP	Pearson Correlation	.094**	-.007	.032	.883**	-.017	-.455**	.990**	-.051	1		
ROE	Pearson Correlation	.009	.159**	.374**	-.033	-.517**	.035	-.063	-.474**	-.061	1	
SP	Pearson Correlation	.409**	.684**	.564**	.117**	.020	-.066	.174**	-.099**	.168**	.112**	1

Table 2: Descriptive Statistics

	NAPS	DPS	EPS	ER	GR	IR	LRGDP	PE	RGDP	ROE	SP
Mean	6.84	0.82	1.47	129.86	4.21	0.1	5.75	38.71	576433	0.2	21.26
Median	3.86	0.12	0.47	130.06	1.38	0.1	5.77	20.33	578877	0.15	5.68
Maximum	111.18	15.23	59.76	153.86	789.08	0.16	5.92	2339.39	834001	16.92	407.29
Minimum	-19.01	0	-20.83	102.11	-23.54	0.06	5.52	-1144	329179	-20.88	0.5
Std. Dev.	9.36	2.01	3.9	14.77	28.2	0.03	0.12	107.47	153214	1.27	41.64
Skewness	4.1	4.05	6.12	-0.06	25.34	0.34	-0.43	11.14	0	-2.43	4.06
Kurtosis	32.87	21.15	77.22	2.3	697.62	2.58	2.11	269.23	2	164.5	24.18
Observations	864	864	864	864	864	864	864	864	864	864	864

Table 3: Regression Estimation Result for Share Price Equation

DEPENDENT VARIABLE SP		GLS ESMATION	
VARIABLE CATEGORY	EXPLANATORY VARIABLES	FIXED EFFECT	RANDOM EFFECT
	C	-505.9321*	-531.1250*
FINANCIAL VARIABLES	DPS	0.541961	7.134955*
	EPS	0.598886	1.355467*
	GR	-0.082881*	-0.040021
	NAPS	0.280477*	0.194555
	ROE	-3.216878*	-2.208243*
MACROECONOMICVARIABLES	ER	-0.448118*	-0.414013*
	IR	27.54346	24.68077
	LRGDP	103.7082*	99.74568*
	ADJ R^2	0.748270	0.287432
	DW	0.916693	0.824578
	F-STAT	32.67002*	35.81121

* indicates variables that are significant at the chosen α- level of 5%.
Source: author's computation

Table 4. Stepwise Regression Result for Share Price Equation
Table 4a: Model Summary

Model	Predictors of SP	R-Square	Adjusted R-Square	Standard Error	R-Square Change	F Change	Durbin-Watson
1	Constant, DPS	0.468	0.467	30.40	0.468	757.365	
2	Constant, DPS, LRGDP	0.499	0.497	29.52	0.031	53.148	
3	Constant, DPS, LRGDP, EPS	0.517	0.515	30.00	0.018	31.941	
4	Constant, DPS, LRGDP. EPS, ER	0.521	0.519	28.87	0.005	8.467	1.025

*The chosen α- level is 5%. Source: Author's Computation

Table 4b: Stepwise for Share Price Equation

Model	Predictors of SP	Unstandardised Coefficients B	Std Error	Standardised Coefficients Beta	t-statistics	Significance
1	Constant	9.688	1.116		8.679	0.000
	DPS	14.179	0.515	0.684	27.520	0.000
2	Constant	-332.760	46.986		-7.082	0.000
	DPS	14.188	0.500	0.684	28.357	0.000
	LRGDP	59.615	8.177	0.176	7.290	0.000
3	Constant	-324.652	46.186		-7.092	0.000
	DPS	11.657	0.665	0.562	17.528	0.000
	LRGDP	58.069	8.039	0.171	7.223	0.000
	EPS	1.937	0.343	0.181	5.652	0.000
4	Constant	-519.201	81.084		-6.403	0.000
	DPS	11.560	0.663	0.558	17.436	0.000
	LRGDP	101.163	16.820	0.299	6.015	0.000
	EPS	1.989	0.342	0.186	5.821	0.000
	ER	-0.408	0.140	-0.145	-2.913	0.000

*The chosen α- level is 5%. Source: Author's Computation

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