

Effect of Market Analysis on Capital Market Development in Nigeria

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Abstract

The significance of a developed capital market in order to foster economic growth is highly imperative to developing countries, Nigeria inclusive. More so, capital market provides long-term financing that is designed to encourage economic growth. In view of the foregoing, this study examines the effect of market analysis on capital Market development in Nigeria, using secondary data covering the period of 2010 to 2020. Findings reveal the existence of a negative and longrun relationship between capital market development and Market Analysis in Nigeria. The empirical findings review that there is no significant Effect of Market Analysis on Capital Market Development in Nigeria. Given the F-Statistics value of 4.286903 of the regression analysis as well as the probability (F-Statistics) value of 0.060878, which is more than 0.05, there is enough evidence to accept the null hypothesis of the study. In lieu of that, there is need to make provision for modern facilities in the capital market targeted towards encouraging foreign investors by maintaining state of the art technological services. More so, there is need for Nigeria to develop a capital market that is effective and efficient, by expanding access to credit and financial services, encourage long-term savings mobilisation and long-term capital for investment.

Keywords: Market Analysis, Capital Market Development, Liquidity Risk, Price per share

INTRODUCTION

Investment decisions are part of economic development and growth. The highly subjective nature of such decisions and the varying results necessitate the study into research and analysis into the investment activities. This analysis concerns organizational financial growth and capital market development. Emeh and Chigbu (2014) posit that capital market adds to firm's financial growth. However, the specific services it performs either directly or indirectly, notable among these functions are: mobilization of savings, creation of liquidity, risk diversification, improved dissemination and acquisition of information, enhanced incentive for corporate control and operational efficiencies. Adeusi (2013) opines that capital market is a driver or lubricant that keeps turning the wheel of not only firm's specifics financial performance, capitalization development, but also economic growth because of its imperative function of not just mobilizing of long term funds and channeling them to productive investment, but also effectively allotting these assets to projects of best returns to wealth owners. As Donwa and Odia (2010) submits that, there is no gain saying the fact that, the rate of development at the Nigerian capital market has not been able to effectively mobilize capital for the development of other vital sectors of the Nigerian economy. The major reason adduced for this seeming neglect is due to the predominant role the oil sector is playing as the major foreign exchange earner in the country. Although, recently, the ugly face of oil dependency surfaces again, queuing is opening again. Fuel prices are on the rise to further challenge the prevailing issues of capital market development and economic development.

Shallu (2014) opined that analyzing capital market will be effective and efficient tool in the investment decision making to predict prices of securities, level of market liquidity, value for price per share and capitalization. In the same vein, Richa (2020) opined that it is a well-known fact that stocks fall in price nearly as often as they rose. Therefore, Donwa (2010) opined that market analysis is as a veritable tool for traders seek a system which can predict the best time to buy, hold, or sell securities, precisely taking into account the nonlinearities and discontinuities of the factors which are considered to impact stock market. Market analysis enables expert predictions and that made. Richa e'tal (2020) suggest that use of technology may be necessary for the precise security analysis in the market as it is done in the developed capital markets around the world. Isobo Nelson D., Donald Ene, Cookey Ibiere and Godwin F. Lenu (2022) opined that Stock market prediction is a challenging real-

world problem as the prediction model is trained on data with uncertainties and fluctuations, yet it is one of the most attractive places for any investor. The Nigerian Stock market is one of the stock indices in the world that poses a lot of benefits to its traders but also, predicting its outcome correctly is one of the most challenging tasks because of the nature of the market uncertainties Shallu (2014). Market analysis resulting to predicting stock market had always been risky yet many sees it as a good investment destination for high profit making. Preethi (2012) opines that market analysis and selection aims at expectation of high profit, it also comes with a high-risk implication. Decker (2000) posits that basic model market analysis leading to predictions looks at the past financial performance of a firm, behaviour of the economy as a whole and the industry in which the company belongs. Some even use the knowledge of the past performance of the directors. Rajendran (2014) expressed that in market analysis; most of the noise comes from forecasters and economists, making market predictions about the next big boom or bust. In market analysis basically, neither an expert nor amateur has the least idea what is going to happen with the economy in the future.

Isobo e'tal (2022) expresses that challenges in market analysis can be in the form of: (a) Perspectives of different individuals (profit perspective, predicting the unpredictable) (b) Ambiguity, nonlinear and dynamic nature of the market (c) Working with big data set (knowing how to separate market signal from noise) (d) Uncertainties and the complexity of human behaviour in general. Apart from the fundamental analysis methods that were used to recognize and predict market fluctuations, Isobo e'tal (2022) postulate that attention had been moved to the application of various Artificial Intelligence techniques in predicting the stock market timing. Survey of different Artificial Intelligence techniques is aimed to better understanding and predicting of stock indexes. Preethi (2012) argue that the most popular of them all are the data mining, neuron-fuzzy systems, neural networks, and fuzzy logic. Several other researchers have used neural network for solving stock market analysis and prediction problem as well. This study is particularly analyzing firm specific liquidity risk and operational risk associated with stock market analysis. A firm should consider the interactions between exposures to funding liquidity risk and market liquidity risk. Firms that obtain liquidity from capital markets should recognize that these sources may be more volatile than traditional retail deposits. For example, under conditions of stress, investors in money market instruments may demand higher compensation for risk, require roll over at considerably shorter maturities, or refuse to extend financing at all. Moreover, reliance on the full functioning and liquidity of financial markets may not be realistic as asset and funding markets may dry up in times of stress. Market illiquidity may make it difficult for firms like banks to raise funds by selling assets and thus increase the need for funding liquidity. Looking at the feasibility of asset sales during stress on its liquidity position for example, a bank's sale of assets under duress to raise liquidity could put pressure on earnings and capital and further reduce counterparties' confidence in the bank, further constraining its access to funding markets. In addition, a large asset sale by one bank may prompt further price declines for that type of asset due to the market's difficulty in absorbing the sale. Rajendran (2014) posits regarding the time horizons over which to identify, measure, monitor and control liquidity risk, a firm should ensure that its liquidity risk management practices integrate and consider a variety of factors. These include vulnerabilities to changes in liquidity needs and funding capacity on an intraday basis; day-to-day liquidity needs and funding capacity over short and medium-term horizons as well as longer-term liquidity needs and vulnerabilities to events, activities and strategies that can put a significant strain on internal cash generation capability. Basel Committee on Banking Supervision (1997) as cited in Lan-Feng Kao, Chuan-Yi Yeh (2009) refers to liquidity risk arises from the inability of a firm to accommodate decreases in liabilities or to fund increases in assets. When a firm has inadequate liquidity, it cannot obtain sufficient funds, either by increasing liabilities or by converting assets promptly, at a reasonable cost, thereby affecting profitability. Besides, Decker (2000) indicated that liquidity risk can be divided into funding liquidity risk and market liquidity risk.

Many studies confirm that Nigerian capital market development has not been able to efficiently and effectively mobilize capital for the development of other vital sectors of the Nigerian economy. The major reason adduced for this seeming neglect is due to the predominant oil concentrated economy and the role market liquidity plays. However, constant problems arise especially during distress periods like, political upheaval, credit crunch, and terrorism. Firms are aloft to liquidity risk, operational risk resulting into non-performance of firms to the detriment of capital market development in Nigeria. Very few studies have been conducted in the era of Market analysis reflecting market liquidity risk, operational risk, average market price per share and so on. This study adopts operational risk, liquidity risk to test against the dependent variable- market capitalization, thus the primary objective of this study is to examine the

determinants on market analysis that affect capital market development in Nigeria and the underlisted hypothesis are those which are germane to this study;

H₀₁: Market Capitalization does not have significant relationship with Capital Market Development in Nigeria.

H₀₂: Capital Market Development (Market Operational Risk and Market Liquidity Risks) does not have any significant relationship with Market Analysis (Market Capitalization)

LITERATURE REVIEW

Market Liquidity Risk

Liquidity risk is the inability of firms to accommodate decreases in liabilities or to fund increases in assets. When a firm has inadequate liquidity, it cannot obtain sufficient funds, either by increasing liabilities or by converting assets promptly, at a reasonable cost, thereby affecting profitability. In the case of banking firms, many studies made reference to firm in credit risk and operational risk in the past, but do not focus on liquidity risk. However, liquidity risk will cause severe consequence to firms following the subprime mortgage crisis. Besides, the credit crunch of 2007 reminded many firms of the importance of liquidity risk Matz (2008). Thus, it is important for firms to strengthen liquidity risk management, and liquidity risk will be an important issue in the future. Generally, liquidity risk measures can be calculated from balance sheet positions. In the past, better practices for liquidity risk measures focused on the use of liquidity ratios. However, Poorman and Blake (2005) indicated that it was not enough to measure liquidity just using liquidity ratios to have a solution. Beyond mere liquidity ratios, firms must develop a new view of liquidity measurement. Recently, there are many methods provided to assess firm liquidity risk besides traditional liquidity ratios. Therefore, the purpose of this study is to employ the test of liquidity risk measures against capitalization.

Capital Market Development

Development of capital market in Nigeria can be traced back to 1946 when the British colonial administration floated the first set of government securities (loan stock) for the financing of developmental project under the ten-year plan local ordinance. The loan stock which had a maturity of 10-15 years was oversubscribed, and yet local participation of the issued was abysmal. At that time, there was no institutional framework in place to support this business operation, hence the existence of less formal market arrangement for the operation of capital market; until 1960 when the Lagos Stock exchange was established. Activities and other operational undertakings of the Nigerian capital market started with the creation of Lagos Stock Exchange in 1960, which was later incorporated by law in 1961 through the combined efforts of Central Bank of Nigeria (CBN), industrial development banks, and the business communities; and promptly begins operations with 19 securities listed on the floor for trading. As the national development continues under the post-colonial reform and also following the recommendations of the government financial review committee of 1976, the Lagos Stock Exchange was later metamorphosed into the Nigerian Stock Exchange (NSE) in 1977. With this advent, it developed into many branches with itself.

Market Analysis

Stock markets are financial markets for the buying and selling of long-term debtor securities that are equity- backed. Stock market enhances economic growth through different essential roles that it plays. Its functions include channeling resources, promoting reforms to modernize the financial sectors and financial intermediation aimed at linking deficit with the surplus sectors of the economy. It is a tool for the mobilizing and allocating savings among competitive uses. Since its installation, firms having various adventures in search of sources and applications of financial resources through the market analysis and interpretations. It serves as a barometer for measuring economic performance. Stock markets as enhancing the operations of the domestic financial system in general and the capital market in particular Kenny and Moss (1998). Because of its ability to mobilize savings and investments, capital market is an essential agent of economic growth. In developing countries, high rate of capital formation is targeted to

achieving objectives of development plans. As such, financial institutions are required to mobilize domestic savings and attract foreign investment with the view to accelerating sustainable economic growth. Miftahu (2020) posits that the growth of capital market is a precondition to inspire and guide capital formation. The potential role of capital market in encouraging investment and enhancing economic growth cannot be over emphasized. In today's competitive business environment, most countries around the globe are assessed by the performance of their capital market

Average Price per share

Poorman et al (2005) posited that market share is the percent of total sales in an industry generated by a particular company. Market share is calculated by taking the company's sales over the period and dividing it by the total sales of the industry over the same period. Hypothetical, a firm's average share is illustrated as (Average Cost per share = Total purchases (N2,750) ÷ total number of shares owned (56.61) = \$48.58. To calculate the average cost, divide the total purchase amount (N2,750) by the number of shares purchased (56.61) to figure the average cost per share = N48.58.)

Empirical Review

Miftahu Idris (2020) This study examines the impact of capital market development on economic growth in Nigeria using annual data covering the period of 1981 to 2019. The analysis involves evaluating the stochastic characteristics of each variable under consideration by testing their stationary property and further estimates the model using ordinary least square technique, Johansen co-integration test and Granger causality test. Findings reveal the existence of a positive and long run relationship between capital market development and economic growth in Nigeria. Further result from granger causality test indicates the presence of a unidirectional causality running from capital market to economic growth for the period under consideration. In lieu of that, there is need to make provision for modern facilities in the capital market targeted towards encouraging foreign investors by maintaining state of the art technological services. More so, there is need for Nigeria to develop a capital market that is effective and efficient, by expanding access to credit and financial services, encourage long-term savings mobilisation and long-term capital for investment. Elias Igwebuike Agbo and John Onyemaechi Odo (2020) examine the participation of governments of several nations that have opted to develop their stock markets to create risk capital for their business sector as foreign capital funds continue to dwindle. They make financial policies that which motivates corporate ventures to develop such culture that promotes economic growth. Despite the gains realizable from equity market development, the financial sector reforms implemented in some African countries are yet to translate into a significant boost in the size and depth of their stock markets as a result of some stock market challenges. The objective of is to review the issues as they are currently. Further, the controversy on what is the actual impact of stock markets on growth in developing countries like those in Africa is yet to be settled. The study sought to review the genesis and update stock market development - particularly in Africa. It reveals that currently the world stock markets have witnessed significant growth. However, the issues illiquidity and size faced by the majority of African stock markets have remained unresolved. The study recommends a greater involvement of institutional investors in African stock exchanges as a means of fixing those nagging issues.

Udo, Nwezeaku and Kanu (2021) examines the effect of capital market development on the economic growth of Nigeria using Real Gross Domestic Product and Market Capitalization, All Share Index, Number of Listed Securities and the number of listed companies a time series from 1983 -2016. Augmented Dickey-Fuller unit root test was used for preliminary analysis; an Autoregressive Distributed Lag (ARDL) was used for the model estimation. A combination of ARDL bounds test for co-integration, ARDL short and long run error correction models were used for estimation. All the tests helped to confirm the integrity of the models. The study findings indicate that, the Number of listed Securities and All Share Index maintained a significant relationship with economic growth in Nigeria both in the short and long runs. The study recommended that government should help to remove all impediments to stock market development in the form of tax, legal and regulatory barriers as they act as disincentives to investments in the capital market. Again, government should help to maintain policy consistency in the

pursuit of growth in the Nigerian capital market. Some counter developmental policies should not be allowed to crowd out the gains of capital market development and by extension on economic growth in the long run. Lastly government should find ways and means of boosting the confidence of investors to retain their portfolio investments. Lan-Feng Kao, Chuan-Yi Yeh (2009) study employ alternative liquidity risk measures besides liquidity ratio, and investigate the causes of liquidity risk (causes of liquidity risk model), using an unbalanced panel dataset of 12 advanced economies commercial banks over the period 1994-2006. The study adopts panel data instrumental variables regression, using two-stage least squares (2SLS) estimators to estimate bank liquidity risk and performance model. The study finds that liquidity risk is the endogenous determinant of bank performance. The causes of liquidity risk include components of liquid assets and dependence on external funding, supervisory and regulatory factors and macroeconomic factors. Second, that liquidity risk may lower bank profitability (return on average assets and return on average equities) because of higher cost of fund, but increase bank's net interest margins. Third, classify countries as bank-based or market-based financial system. The result shows that liquidity risk is negatively related to bank performance in market-based financial system. However, it has no effect on bank performance in bank-based financial system.

Shafiqul Alam Md., Rubel Miah and Md. Abdul Karim (2016) investigates forces that affecting share prices in the capital market of Bangladesh. The study considers a panel data set of 7 companies of cement industry listed in the DhakaStock Exchange (DSE) (2006-2015).The investigation approach is designed with Ordinary LeastSquare (OLS) regression with fixed effects and random effects models. Six fundamental and technical issues namely Earning Per Share (EPS), Net Asset Value Per Share (NAVPS), Price Earnings (P/E), Gross DomesticProduction (GDP), Consumer Price Index (CPI) and Interest Rate Spread (IRS) have been brought in light as themajor determinants of prices in cement industry. The findings claim that these variables are instrumental in affecting the share prices in the Bangladesh market as far as the cement industry is concerned. Among thesefactors EPS, NAVPS, P/E and CPI have been found significantly instrumental for cement industry in Bangladeshcontexts while other variables were not found noticeably significant. A moderate R square (0.1142-.4567) foundin both the Fixed and Random models justify the considerable impact of these variables on the market price ofshares. Hence, the study recommends present and potential investors to consider these factors prior to trade andinject funds on securities as the study witnessed volatility in share prices by the fluctuations of these factors. This research study intends to bridge the gap that very few or no studies have been conducted on the Market analysis using market liquidity risk, firms operational risk, All share index and average market price per share to measure capital market development in Nigeria. It is a fact to say that many studies are conducted on market capitalization on the development of capital market in Nigeria. Udo Ginikachi Cynthia, Nwezeaku N., Chinedum and Kanu S., Ikechi (2021) and also forces that affect share prices in the capital market of Bangladesh as an international study see also Shafiqul Alam Md., Rubel Miah and Md. Abdul Karim (2016)

Theoretical Framework

Efficient Market Hypothesis (EMH)

The efficient market hypothesis, known as the random walk theory, propounded by Fama (1992), is one of the theories of capital market economic growth nexus. The EMH predicts that market prices incorporate all available information at any point in time. The theory posits that at any time stock prices would fully reflect all available information about the worth of the firm.It assumes that there is no opportunity for one to earn excess profits (more than the entire market) by using the information that has very significant implications for both investors and financial managers. Efficiency in the market is tested by whether the stock prices incorporate all available information at the time. At each point in time, a stock market has one of the three alternative forms of efficiency, namely strong, semi-strong and weak forms of efficiency.

Signaling Theory

According to signaling theory, also referred to as the information content hypotheses, this is where corporate announcements are hypothesized to have information content, for example managers use cash dividend announcement to signal changes in their expectations about the future prospect of the company when the market becomes imperfect. The investment and financing decisions of firms' are made at the management discretion. It is argued that company managers use earnings as a tool to convey information about the prospects of the company. Like dividends, if earnings convey useful information, it will reflect on stock price changes immediately following a public announcement. An increase in equity (shares) issued by a company reduces the price of its share, stock splits cause price increase while issuing more debt instruments leads to price increase actions. Berhardt, Douglas, and Robertson (2005) in their study noted that markets are rarely in equilibrium, the information has a cost and it does not reach all at the same time. When a firm announces its earnings or dividend it sends signals to investors and if they react to the signals as expected this will affect the share prices of the companies listed on the stock market, consequently this effects investor's Decisions.

Meta Theory Model

Ruchala and Mauldin (1999), argue that previously Information Technology (IT) was used in accounting systems merely to process transactions that would reciprocate the old order (manual processes). Meta theory is the formation of technical orientations, cognitive as well as the holistic models in the discovery of Accounting Information System. The theory has consequently been useful in tackling the current limitations in IT that are inevitable and highlighted in former studies such as the inability to acknowledge the responsibility to which Information Technology is being applied, the failure to consider the suitable nature of a false process, incapability to account for scientific design in the real field of study and failure to direct the procedure for selecting the required decisions and handling all the transactions equally.

METHODOLOGY

This study adopted the ex post facto research design since the study is a secondary data research. The population of the study consists of ten (10) listed firms operating in the Nigerian capital market and the study focusses on Cadbury Nig. Plc. The firms' liquidity risk position as well as operational risk position as it relates to its quoted stock capitalization. The secondary data required for this study were obtained from CBN statistical Bulletin for period of 10 years under consideration. The inferential analyses also involved the application of the appropriate statistical technique of time series analysis; this is due to the nature of the data. In order to investigate the relationship that exists between the dependent variables this study adopted multiple regression;

Table1. Descriptive Statistics

N Date: 03/09/22
 V Time: 08:34
 Sample: 2011 2020

	MCAP	MLQR	OPR
Mean	201.7307	0.949027	0.510000
Median	180.4041	0.874954	0.415000
Maximum	385.8958	1.273233	0.970000
Minimum	102.7534	0.565848	0.330000
Std. Dev.	77.50346	0.261820	0.221761
Skewness	1.303710	0.075427	1.397248
Kurtosis	4.346009	1.472612	3.247296
Jarque-Bera	3.587657	0.981529	3.279318
Probability	0.166322	0.612158	0.194046
Sum	2017.307	9.490268	5.100000
Sum Sq. Dev.	54061.08	0.616945	0.442600

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This descriptive analysis of Table one, indicates that annual Market Capitalization in Nigeria during the period of 10 years (2011-2020) has minimum and maximum values of 102.7534 and 385.8958 respectively. Market Capitalization average 201.7307 with standard deviation of 77.5%, implying that, the data deviate from both sides of the mean by 201.7%. This suggests that Market Capitalization in Nigeria is relatively widely dispersed during the period under study. The implication of this disparity shows fluctuations in the growth of Market Capitalization which has relatively remained poor over the years. The fluctuations in Market Capitalization may also be attributed to inconsistent policy changes that characterized different market analysis in Nigeria capital market development over time.

It further showed that, the performance of the capital market has been very uncertain, even nearly chaotic, for many years Shallu, (2014). Skewness, which measures the shape of the distribution revealed that, coefficient of 1.03710 (which is greater than zero) implied that, though; Mcap is positively skewed, it is not symmetrical around the mean and thus deviating from normal distribution. With a kurtosis value of 4.346009, it implied that MCap is platykurtic (fat or short tailed) meaning that, the distribution is not peaked relative to the normal distribution. The descriptive normality results also showed that MCap is normally distributed. This was captured by the Jarque-Bera probability value of 0.166322, found to be greater than 0.05. Further showed that MLQR during the period has minimum and maximum values of 0.565848% and 1.273233%, respectively. The average value of MLQR during the period is 0.510000% (which is quite high) with standard deviation of 0.261820%, implying that the data deviate from the both sides of the mean by 0.949027%. This suggests that, the data from the MLQR variable is not widely dispersed from the mean during the sample period, as the standard deviation was found to be lower than the mean value. The skewness co-efficient of 0.075427 suggests that the data is positively skewed and did not comply with the symmetrical distribution assumption. With a kurtosis value of 1.472612 (found to be less than three) implied that MLQR is platykurtic (fat or short-tailed), suggesting that, MLQR distributions is not steep relative to normal distribution. More so, the p-value of 0.612158 for Jarque-Bera implies that the Gaussian distribution assumption of normal data was not met at 5%. Furthermore, the OPR during the period under study has minimum and maximum percentage values of 0.33% and 0.97% respectively. The average amount of OPR disbursed during the period is 0.51% with standard deviation of 0.22%, implying that, the data deviated from the both sides of the mean by 0.51%. This suggests that, the data on OPR is quite widely dispersed from the mean during the sample period, as the standard deviation was also found to be relatively high. The co-efficient of skewness of 1.397248 suggests that the OPR data

is positively skewed and did not comply with the symmetrical distribution assumption. With a kurtosis value of 3.247296, it implies that, OPR is platykurtic (fat or short-tailed), suggesting that the distribution for OPR is flat relative to normal distribution. The p-value of 0.194046 for Jarque-Bera implied that the Gaussian distribution assumption of normality was not met for OPR at 5%.

Table 2. Correlation Matrix

Covariance Analysis: Ordinary
 Date: 03/13/22 Time: 17:12
 Sample: 2011 2020
 Included observations: 10

Correlation t-Statistic Probability	MCAP	MLQR	OPR
MCAP	1.000000 ----- -----		
MLQR	-0.736357 -3.078267 0.0152	1.000000 ----- -----	
OPR	-0.431962 -1.354677 0.2125	0.477906 1.538829 0.1624	1.000000 ----- -----

The correlation can be considered in two ways. This referred to as either weak correlation with -1 or $+1$, it can also be -0 or $+0$ as the can may be. Looking at the table above, it shows the correlation of Market capitalization (MCAP) correlation with that of Market liquidity risk (MQLR) of -0.736357 . This can be said to be a strong negative correlation among the two variables. Considering Market Capitalization (MCap) correlation with that of Operational Risk (OpR) has the value of -0.431962 . This is negatively strong

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Table Three

Regression Result

Dependent Variable: MCAP
 Method: Least Squares
 Date: 03/13/22 Time: 17:23
 Sample: 2011 2020
 Included observations: 10

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	41315.83	7467.050	5.533086	0.0009
MLQR	-20329.85	8539.335	-2.380730	0.0488
OPR	-3625.877	10081.88	-0.359643	0.7297
R-squared	0.550527	Mean dependent var		20173.07
Adjusted R-squared	0.422107	S.D. dependent var		7750.346
S.E. of regression	5891.759	Akaike info criterion		20.44382
Sum squared resid	2.43E+08	Schwarz criterion		20.53460
Log likelihood	-99.21911	Hannan-Quinn criter.		20.34424
F-statistic	4.286903	Durbin-Watson stat		1.643874
Prob(F-statistic)	0.060878			

The table above, Shows the correlation matrix displaying the coefficient of multiple determinations (R^2) is 0.550527. This indicates that about 55% of the total variations in Market Capitalization is explained by the variations in the independent variable (MLQR and OPR), while the remaining 45% of the variation in the model is captured by the error term. This indicates that the line of best fit is highly fitted. The standard error test is applied in order to measure the size of the error and determine the degree of confidence in the validity of the estimates. As indicated by their respective probability values, the parameter estimate for MLQR is not statistically significant, while that of OPR is statistically significant. However, when taken collectively the value of F-statistic is 4.286903 and the value of the probability of F-statistic is 0.60878. In panel regression analysis, the ultimate goal is estimation of the relationship between dependent and independent variables. This goal can be achieved through the estimation of the coefficients of each independent variable in the model.

Decision Rule: The decision rule for accepting or rejecting the null hypothesis for any of these tests will be based on the Probability Value (PV) and the Probability (F-statistic). If the PV is less than 5% or 0.05 (that is, if $PV < 0.05$), it implies that the regressor in question is statistically significant at 5% level; and if the PV is more than 5% or 0.05 (that is, if $PV > 0.05$), it is categorized as not significant at that level. This implies that the level of significance for the study is at 5% (for the two-tailed test). Thus, the decision rule for accepting or rejecting the null hypothesis is based on both the Probability Value (PV) and the Probability (F-statistic).

Test of Hypotheses

H₀: There is no significant Effect of Market Analysis on Capital Market Development in Nigeria. Given the F-Statistics value of 4.286903 of the regression analysis as well as the probability (F-Statistics) value of 0.060878, which is more than 0.05, there is enough evidence to accept the null hypothesis of the study. This result implies that the overall regression is negative and statistically not significant at 5% level of significance, given that the probability of F- statistic is 0.060879 greater than 0.05.

CONCLUSION AND RECOMMENDATION

This study succinctly examined the effect of Market Analysis on Capital Market Development in Nigeria using panel series data and regression analysis approach. The study period is for 10 years ranging from 2011 to 2020 were the independent variables while the liquidity risk and operational risk (used to proxy Market Analysis) and Market capitalization used as proxy for the Capital market Development is dependent variable for the study. The effect of the independent variables on dependent variable was analyzed in terms of *strength* and significant and the Ordinary Least Square (OLS) regression *compares the* relationship among the variables. MLQR is not significantly related to MCAP, given that the individual probability of MLQR is 0.0488 (which is less than 0.5), while the individual probability of OPR is 0.7297, showing a negative and significant relationship between OPR and MCAP. This result is not consistent with 'a priori' expectation which hypothesizes that an increase in OPR will lead to increase in MCAP and the empirical evidence suggests that the relationship between MLQR and MCAP is

statistically significant. Therefore, when taken collectively and based on the overall probability (F*Statistics) value of 0.060878, which is higher than 0.05.

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