GLOBALIZATION AND STOCK MARKET GROWTH IN NIGERIA

Foluso Ololade Oluwole
Department of Banking and Finance
Adekunle Ajasin University, Akungba Akoko Ondo state, Nigeria

Abstract

The subject of the interrelationship that exists between globalization and stock market growth has been an issue of both theoretical and empirical investigations. The a priori expectation is that globalization will impact positively on stock market growth in Nigeria. This work therefore, attempts to find out if there is any impact globalization has on stock market growth in Nigeria. Data for this work were obtained mainly from secondary sources and analysed with the use of ordinary least square simple regression model. The study shows that globalization through trade liberalization and financial integration had a significant impact on the growth of Nigerian stock market. Also, the study equally shows that globalization promotes regional and global integration of Nigerian stock market. However, the study did not overlook the volatility inherent in globalization.

Keywords: Globalization, stock market, Nigeria

Introduction

Globalization in the developing countries became a household terminology in the 1990s, which in term of definition, is, external opening of the economy and increased role of markets domestically (i.e. the market economy) to developing world, that is, modern way of running an economy (Loto 2010). The IMF defines globalization as the growing economic inter-dependence of countries worldwide through increasing volume and variety of cross-border transactions in goods and services and of international capital flow, and also through the more rapid and wide spread diffusion of technology. The essence of globalization mainly is as a basis for moving the economy towards external liberation, focusing on market oriented system of government. Since the late 1980s, the pace of globalization has rapidly quickened with the world trade rising nearly as fast as world Gross Domestic Product (GDP). This has been characterized by the stock exchange market

growth and globalization and accelerated by private capital flows (Adam, 2003).

The recent growth of stock exchange market, through increase in cross-border capital movement has been attributed to the removal of statutory restriction on the capital account transactions and economy liberalization. International Monetary Fund (IMF, 1998) attributes another growth of stock market globally to macro-economic stabilization and policy reforms in the developing countries; privatization, liberalization of trade and growth of stock. The stock exchange, as a medium to encourage savings, help channel savings into productive investments. The emphasis on the growth of stock market for domestic resource mobilization has also been strengthened by the need to attract foreign capital (Idele, 1999).

However, the concern about the stock market growth in Nigeria is the impact of globalization on the market. It has not yet clearly been acertained whether globalization especially through increased Foreign Direct Investment (FDI) generate positive impact or otherwise on the stock exchange market. Though the effect of globalization has not been undoubtedly looked at by many, globalization has impacted on most factors identified in the literature to be determinants of stock exchange market growth.

In spite of the many different issues and disagreements surrounding globalization, the phenomenon is currently perceived as present in nearly all aspects of economic life and is often taken for granted. Further, it is generally viewed as a relatively recent phenomenon, particularly in the area of capital flows and international finance. Capital flows have indeed surged in volume in the past few decades in both the developing and developed economy, as a result of integration of the world economy brought about by globalization. It cannot be disputed that the growth of stock market has connection with globalization, the increase in Foreign Direct Investment (FDI), Foreign Portfolio Investment (FPI) and increase in market capitalization attested to the fact that there exist relationship between globalization and stock market growth. The Nigerian stock exchange market undoubtedly had not performed impressively when compared to other stock markets in other region of the world. This is due partly to some fundamental factors like; inadequate infrastructure, government control of economy as against market controlled economy that is prevalent in other part of the world.

However, this research work emphasizes the importance of trade liberalization in order to promote competitiveness of stock market, ensure increased foreign investment by foreign investors, as well as increased market capitalization and stock market growth as a whole. It seeks to encourage continuous liberalization of the economy on the part of

government, serves as eye opener to investors to access international capital market to ensure diversification. The inter-dependence of the world economy brought about by globalization indicates that no economy is an island on its own. In other world, the negative effect of globalization in an economy could result in a spill over effect on another economy. Therefore, this research is important as it seeks to caution on the danger of uncontrolled opening of the economy through liberalization while pursuing stock market growth.

The main objective of the study is to empirically investigate whether there exists a directional relationship between globalization and stock market growth and to examine the impact of globalization on the stock market. This research will provide answers to the following pertinent questions:

1. Is there any relationship between globalization and stock market growth?
2. Can globalization impact stock market growth positively?

The study is being done in five sections: section one briefly introduces the subject being investigated, states the problem, objective, and research questions. Section two reviews the literature, while section three clearly features the type of research being adopted for the study, as well as data type (secondary). Section four analyses the data so as to generate information on the subject matter and section five summarizes, draw conclusions, and recommend measures toward mitigating the negative effect of globalization on the stock market and also to ensure continuous stock market growth.

Literature review

Theoretical and Conceptual Framework

Regarding stock market development, liberalization increases the pool of capital available to local firms and broadens the investor base. This is likely to lead to increased liquidity and larger amounts of research. Furthermore, the scrutiny of foreign investors may increase transparency and promote the adoption of better corporate governance practices (Stulz, 1999; Errunza, 2001). Consistent with these arguments, a number of papers find evidence of increases in domestic stock market depth and efficiency following liberalization. In the last twenty years, governments from all over the world have undertaken significant privatization programs. This privatization process was motivated by the desire to increase government revenues, promote economic efficiency, and reduce government interference in the economy.

Domestic capital market development was also an explicit objective of privatization programs in many countries. Privatizations had a direct impact on domestic stock markets, as many governments carried out privatization sales through share offerings on local exchanges. These share

issues were expected to foster stock market development by increasing the diversification opportunities available to investors and therefore encouraging trading activity and new listings by private firms. Privatization programs, even without share offerings on local exchanges, may also foster stock market development by reducing political risk (Perotti and van Oijen, 2001). Privatizations also had a direct impact on stock market internationalization, as many privatization sales involved offerings in international financial markets. Reforms are followed by increased domestic stock market development and internationalization. This suggests that reforms may make local firms more attractive to foreign investors, who then grant them access to international markets at attractive terms. This evidence is consistent with the findings of Claessens, Klingebiel, and Schmukler (2006), who report that better fundamentals foster stock market development, but also increase internationalization.

Adegbite (2003) deduced that capital market globalization empowers the intensification of international financial security market. Integration of stock markets leads to greater international portfolio capital flows and increases the vulnerability of emerging markets to crisis. This implies that globalization or internationalization gives domestic companies the opportunity through the stock markets to access new sources of capital and at the same time expose both the fund-users to risk of globalization. Adedola (2004) describes capital account liberalization as the removal of controls on the movements of capital both in and out of a country and also the restrictions on the convertibility of the currency. Internationalization of stock market eliminates discrimination in the treatment of foreign and domestic investors, and removes barriers to the cross-border provision of the financial service. Jayasuriya (2002) sees stock market liberalization as broad way of removing restrictions on the international capital flows. Stigts (2007) uses more detailed classification by defining stock market globalization as increase in the issuance of share capital and the voting open to foreigners.

Torre *et al* (2007) found out that stock market development is positively related to globalization. This work shows that reform and globalization of capital market increases domestic market capitalization, trading and capital raising, increases in the chain of activity in international equity markets can contribute to the spread at least practices in corporate governance, accounting rules and legal traditions. Internationalization is a reality and no country of the world is immune to its impacts. In the past decades instances have shown the rapid transformation of financial markets and institutions across the globe. It has attested to the fact that internationalization of capital or stock market involves the removal of obstacles to the market access through domestic stock market liberalization and capital account liberalization.

As seen from the above, globalization or internationalization of stock market growth studies show that internationalization of stock market increases listing, capital raising and trading abroad in domestic market. Globalization of stock market outside poses volatility effect on the stock market and also has negative impact on market capitalization, volume of shares traded and liquidity. Obstfied (2002) reveals that when capital raising and trading moves out of the country due to internationalization, the local stock exchange suffered in the form of lower market capitalization, low volume securities trades and lack of liquidity.

Empirical Literature

Has Financial Globalization Intensified the Transmission of Volatility?

What factors have led to the rising vulnerability of developing economies to financial crises? The risk of sudden stops or reversals of global capital flows to developing countries has increased in importance as many developing countries now rely heavily on borrowing from foreign banks or portfolio investment by foreign investors. These capital flows are sensitive not just to domestic conditions in the recipient countries but also to macroeconomic conditions in industrial countries. For instance, Mody and Taylor (2002), using an explicit disequilibrium econometric framework, detect instances of "international capital crunch"—where capital flows to developing countries are curtailed by supply-side rationing that reflects industrial-country conditions. The effects of industrial-country macroeconomic conditions, including the stage of the business cycle and interest rates, have different effects on various types of capital flows to emerging markets.

Earhart and Reinhart (2001) document that net FDI flows to emerging-market economies are strongly positively correlated with U.S. business cycles. On the other hand, bank lending to these economies is negatively correlated with U.S. cycles. Edison and Warnock (2001) find that portfolio equity flows from the United States to major emerging-market countries are negatively correlated with both U.S. interest rates and U.S. output growth. This result is particularly strong for flows to Latin America and less so for flows to Asia. Thus, the sources of capital inflow for a particular more financially integrated [MFI] country can greatly affect the nature of its vulnerability to the volatility of capital flows arising from industrial-country disturbances.

The increase in cross-country financial market correlations also indicates a risk that emerging markets will be caught up in financial market bubbles. The rise in movement across emerging- and industrial-country stock markets, especially during the stock market bubble period of the late 1990s, points to the relevance of this concern. This is a particular risk for the

relatively shallow and undiversified stock markets of some emerging economies. For instance, as noted earlier, the strong correlations between emerging and industrial stock markets during the bubble period reflects the preponderance of technology and telecommunication-sector stocks in the former set of markets. It is, of course, difficult to say conclusively whether this phenomenon would have occurred even in the absence of financial globalization, since stock market liberalizations in these countries often went hand in hand with their opening up to capital flows.

The increasing depth of stock markets in emerging economies could alleviate some of these risks but, at the same time, could heighten the real effects of such financial shocks. In this vein, Dellas and Hess (2002) find that a higher degree of financial development makes emerging stock markets more susceptible to external influences (both financial and macroeconomic) and that this effect remains important after controlling for capital controls and trade linkages. Consequently, the effects of external shocks could be transmitted to domestic real activity through the stock market channel. Even the effects of real shocks are often transmitted faster and amplified through financial channels. There is a large literature showing how productivity, terms-of-trade, fiscal, and other real shocks are transmitted through trade channels. Cross-country investment flows, in particular, have traditionally responded quite strongly to country-specific shocks.

Financial channels constitute an additional avenue through which the effects of such real shocks can be transmitted. Furthermore, since transmission through financial channels is much quicker than through real channels, both the speed and the magnitude of international spillovers of real shocks are considerably heightened by financial linkages. Rising financial linkages have also resulted in contagion effects. Potential contagion effects are likely to become more important over time as financial linkages increase and investors in search of higher returns and better diversification opportunities increase their share of international holdings and, due to declines in information and transaction costs, have access to a broader array of cross-country investment opportunities. There are two broad types of contagion identified in the literature- fundamentals-based contagion and pure contagion. The former refers to the transmission of shocks across national borders through real or financial linkages.

In other words, while an economy may have weak fundamentals, it could get tipped over into a financial crisis as a consequence of investors' reassessing the riskiness of investments in that country or attempting to re-balance their portfolios following a crisis in another country. Similarly, bank lending can lead to such contagion effects when a crisis in one country to which a bank has significant exposure forces it to re-balance its portfolio by readjusting its lending to other countries. This bank transmission channel,

documented in van Rijckeghem and Weder (2000) and Kaminsky and Reinhart (2001), can be particularly potent since a large fraction of bank lending to emerging markets is in the form of short maturity loans. While fundamentals-based contagion was once prevalent mainly at the regional level, the Russian crisis demonstrated its much broader international reach (Kaminsky and Reinhart 2002). Pure contagion, on the other hand, represents a different kind of risk since it cannot easily be influenced by domestic policies, at least in the short run.

There is a good deal of evidence of sharp swings in international capital flows that are not obviously related to changes in fundamentals. Investors' behavior during these episodes, which is sometimes categorized as herding or momentum trading, is difficult to explain in the context of optimizing models with full and common information. Informational asymmetries, which are particularly rife in the context of emerging markets, appear to play an important role in this phenomenon. A related literature suggests that pure contagion may reflect investors' shifting appetite for risk, but it is no doubt difficult to disentangle such changes in risk appetite from shifts in underlying risks themselves (Kumar and Persaud, 2001). Thus, in addition to pure contagion, financial integration exposes developing economies to the risks associated with destabilizing investor behavior that is not related to fundamentals.

Some Factors that increase Vulnerability to the Risks of Globalization

Empirical research indicates that the composition of capital inflows and the maturity structure of external debt appear to be associated with higher vulnerability to the risks of financial globalization. The relative importance of different sources of financing for domestic investment, as proxied by the three variables, has been shown to be positively associated with the incidence and the severity of currency and financial crises. He variables are: t he ratio of bank borrowing or other debt to FDI, the shortness of the term structure of external debt, and the share of external debt denominated in foreign currencies. Detragiache and Spilimbergo (2002) find strong evidence that debt crises are more likely to occur in countries where external debt has a short maturity. However, the maturity structure may not entirely be a matter of choice since, as argued by these authors, countries with weaker macroeconomic fundamentals are often forced to borrow at shorter maturities since they do not have access to longer-maturity loans. I

Recent currency crises have highlighted one of the main risks in this context. Developing countries that attempt to maintain a relatively inflexible exchange rate system often face the risk of attacks on their currencies. While various forms of fully or partially fixed exchange rate regimes can have some advantages, the absence of supportive domestic policies can often

result in an abrupt unraveling of these regimes when adverse shocks hit the economy. Financial integration can also aggravate the risks associated with imprudent fiscal policies. Access to world capital markets could lead to excessive borrowing that is channeled into unproductive government spending. The existence of large amounts of short-term debt denominated in hard currencies then makes countries vulnerable to external shocks or changes in investor sentiment.

The experience of a number of less-developed ccountries that have suffered the consequences of such external debt accumulation points to the heightened risks of undisciplined fiscal policies when the capital account is open. Premature opening of the capital account also poses serious risks when financial regulation and supervision are inadequate. In the presence of weakly regulated banking systems and other distortions in domestic capital markets, inflows of foreign capital could exacerbate the existing inefficiencies in these economies. For example, if domestic financial institutions tend to channel capital to firms with excessive risks or weak fundamentals, financial integration could simply lead to an intensification of such flows.

The Impact of the Global Financial Crisis on the Nigerian Capital Market

The effect of the financial crisis that began in the United States of America (USA) on emerging markets was wide-ranging and was both internally and externally induced. The initial financial crisis had affected mainly the US and Europe. However, due to the connectivity of the financial system, also known as the ‘contagion effect’, most economies were affected. The impact of the crisis started to show by mid-2007 with the fall of major stock markets prices. The crisis entered a new phase with the collapse of Lehman Brothers in September 2009 and spread across economic sectors in advanced, emerging and developing economies, Nigeria inclusive.

The causes of the crisis can be summarized as liberalization of global financial regulation, Boom and Bust of the housing market, speculations, new financial architecture, poor credit rating, high risk loans and government policies. Most scholars have argued that the crisis was not without warning; the housing boom witnessed in the United States and lack of coherent regulation highlighted the flaws in the system. Most proponents argued that any form of strong regulation would stifle innovation and with the growth of small businesses in the U.S and Europe, this was discouraged. Banks and financial institutions repackaged these debts with other risk debts and sold them to worldwide investors, creating financial instruments called Collateralized Debt Obligations (CDO). These financial innovations of the market, termed financial derivatives and also known as Mortgage-Backed

Securities (MBS), which derived their value from mortgage loans, spread the risk to financial institutions and investors around the world. Research shows that major banks and financial institutions borrowed and invested heavily in MBS and reported losses of approximately US $2.8 trillion as at October 2008.The credit derivatives compounded the effects mainly in the capital markets (property and stock markets)(NSMA, 2012).

The crisis led to the demise of large banking institutions, large size conglomerates and small businesses with governments, in even the wealthiest nations, providing rescue packages to bail out their financial systems. The impact of the crisis is still currently felt, with countries such as Greece and Ireland seeking rescue packages. Like other African countries, the Nigerian economy was initially perceived to have been insulated from the financial crisis. The total share of stock market capitalization stood at only 1.81 per cent of the global market. However, the effects began to show by end-March 2008 with the crash in the capital market and some banks having expanded their businesses outside the shores of Nigeria, the contagion effect of the crisis hit the Nigerian economy.

Base on the nature of the Nigerian economy, the financial crisis had an impact on the foreign exchange market. This was attributed to the disinvestment and repatriation of capital and dividends by foreign investors thereby intensifying the demand for foreign currencies (NSMA, 2012).

This further led to a depletion of the external reserves. The implication for the Nigerian economy was borne by the various sectors of the economy. Firstly, the Nigerian stock market witnessed a continuous drop in the All-share index and volume of traded securities. Secondly, the banking sub-sector was affected by a credit contraction as most foreign banks reduced their credit lines, exchange rate exposure, and the continuous decline in the NSE eroded their profitability. Thirdly, the decline in the revenue receipts by the three tiers of government, leading to a contraction of the fiscal sector. The contraction of the fiscal sector led to a crowding-out of the private sector credit, which in turn affected the real sector.

Based on the assessment conducted by the Ministerial Conference on Financial Crisis (2008), the financial sector had been in receipt of US $15.73 billion in portfolio flows in 2007 alone. With the emergence of the global financial crisis, foreign investors began to withdraw holdings in the capital market, which in turn led to capital flight. The withdrawals of portfolio holdings, given the size of the market, led to significant volatility and to a sharp decline in stock prices across the Nigerian stock market.

Prior to the crisis, stock prices had appreciated, though without correlation with any market fundamentals. Between 2002 and 2008, the Nigerian stock market capitalization rose to peak at ₦12.6 trillion in March, 2008. The boom led to an investment rush by all classes of society. Bank

customers took out loans to invest in stocks of their banks. The withdrawal of funds by the foreign investors led to the huge decline of most stock prices as supply exceeded demand. The market capitalization was with only ₦4.5 trillion in March 2009 (NSMA, 2012). In light of this, this research work seeks to investigate the effects that globalization has on stock market growth capitalization.

Methodology

This research work relied on the use of secondary data, the sources of which includes publication from International Monetary Fund, Balance of Payments Statistical Year book and data files and Standard & Poor's Global Stock Markets Fact book and supplemental S & P data.

Statement of Hypothesis

Ho: There is no significant relationship between globalization and stock market growth.

Hi: There is a significant relationship between globalization and stock market growth.

Model Specification

A simple regression model is specified in order to capture a functional relationship between stock market growth, being the dependent variable and globalization being the explanatory variable. The model is specified thus:

$CAPG = \beta_0 + \beta_1 GLOB + U$

Where,

CAPG = Stock market capitalization growth

GLOB = Globalization(FDI FLOWS)

U = Stochastic term / error term

$\beta_0 + \beta_1$ are unknown parameters.

Method of Data Analysis

The data obtained were presented in table and analyzed using ordinary least square (OLS) estimation technique.

Empirical analysis

This section is based on the analysis and presentation of data and the testing of the hypothesis developed in section one.

Regression Results and Interpretation

The results are presented below:

$CAPG= \beta_0 + \beta_1 GLOB + U$

Variable	Coefficient	Std. Error t-Statistic	Pro
C BLOB	-4523151 7.066015	3807316 -1.188016 1.063603 6.643473	0.2481 0.0000
R-squared	0.677596	Mean dependent var	14152323
Adjusted R-squared	0.662244	S.D. dependent var	21189258
S.E. of regression	12314518	Akaike info criterion	35.57340
Sum Squared rasid	3.18E+15	Schwarz criterion	35.67214
Log likelihood	-407.0941	f-statistic	44.13574
Durbin-Watson Stat	2.033946	Prob (f-statistic)	0.000001

CAPG= -4523151 + 7.066GLOB + U
SE= (3807316). (1.064)
T*= -1.1880 6.643
R^2= 0.678.
$\overline{R}^2$= 0.66.
F-statistic=44.14.
DW* =2.033

From the computation above, there exist a positive relationship between globalization and capital market growth. This is in line with the findings of Torre et al (2007) which states that stock market development is positively related to internationalization (Globalization).The intercept or autonomous CAPG stands at (-4523151). This is the expected level of CAPG when all other explanatory variables are held constant. There will be decline in CAPG. The coefficient of globalization is 7.066.The slope also shows that a unit increase in the level of globalization will leads to 7.066 unit increase in capital market growth(CAPG).

Discussion of Results

Looking at the result obtained from the analysis so far, it would be observed from the slope of coefficient of globalization (GLOB) variable that there is actually a positive relationship between globalization and stock market growth, this support the a priori expectation i.e. globalization is expected to impact stock market growth positively. Their relationship was significant since the standard error of the variable is less than half of the coefficient variable i.e. 064 < 1/2 (7.066) which gives 1.064 < 3.533. The R-square (R^2) with a value of 0.678 revealed that about 67.8% systematic variation in stock market growth is caused by globalization, while the remaining 32.2% can be attributed to the error or stochastic term, i.e. all other variable outside the model. The F-test revealed that there exist a linear

relationship between the dependent and independent variables, since the F-calculated value of 4.32 at 5% level of significance.

Summary and Implication of Findings

This work concludes that globalization promotes regional and global integration of Nigeria stock market; trade liberalization had a significant impact on the growth of Nigeria stock market.

The globalization phenomenon has come to stay, the consensus in the literature is that, the development or growth of any emerging market is directly related to its positive reactions to globalization through financial integration, trade liberalization and other favourable reforms. From the results, globalization as the explanatory variable account for 67.8% of the total variation in stock market growth. This confirmed the importance of this phenomenon – globalization.

It is crystal clear that no economy can survive or experience the desired growth without interaction with the rest of the world. By implication, the need for emerging markets to embrace globalization through various policies measures cannot be overemphasized. Empirical research associated; increase in market capitalization, volume of trade, inflow of foreign capital, risk diversification and development of new products among other things as benefits of globalization

This work therefore conclude that for emerging market to benefit from the hitherto identified benefits associated with globalization and to help grow the stock market, there is need to follow the current global order - continuous deregulation. As a country makes progress in transparency, control of corruption, rule of law, and financial supervisory capacity, it will be in an increasingly better position to benefit from financial globalization.

Conclusion and Policy Recommendation

Conclusion

The major engine of growth and development for any economy is the capital market which accommodates certain institutes for the creation, custodianship, distribution and exchange of financial assets and management of long-term liabilities. An economy without a capital market just cannot grow since the market is responsible for long-term growth, capital formation and allocation to development uses efficiently.

Financial sector development is a key determinant of the extent of growth and stability. During 1980s, the developing countries started liberalizing their economies. Equity flows to developing countries have increased sharply in recent years as a result. There has been a greater emphasis on the development of equity markets as a part of financial reforms. Nigeria has also followed this path. With globalization, financial

markets are becoming more and more important every day. A developed stock market is considered crucial to national economic growth as it provides an additional channel along with banks and other financial institutions, for encouraging and thus mobilizing domestic savings. It also ensures improvements in the productivity of investment through market allocation of capital and increases managerial discipline through the market for corporate control.

The features of the Nigerian stock market have improved greatly compared to what it was before the era of globalization. Globalization of the Nigerian stock market through various reforms (including financial liberalization, privatization and regulatory and supervisory improvements) has resulted in historically high level of portfolio investment, market capitalization, increased volume of trade, listing and lower -risk adjusted cost of capital, which is possible by diversifying risk. Also improvement in communications technology has helped improve settlement systems, promote automation of trading system, which has encourage transparency and increased velocity of transaction.

On the other hand, due to the connectivity of the financial system globalization can pose a serious threat to the survival of any economy. The Nigeria economy had its own share of the recent financial crisis that began in the United State of America (USA). Sharp decline in share prices, withdrawals of portfolio holdings by foreign investors among other things were the outcome of this crisis. Improved regulation and supervision of the financial sector will help reduce such a risk.

Policy Recommendations

Finally, the Nigeria stock market remains fundamental segment of Nigeria financial system. Therefore, this work suggests that for Nigeria stock market to witness a large growth in its operation, the policy recommendations below must be considered.

1. In order to help growth the Nigeria stock exchange market, there is the need to further liberalize the economy but this must be done with caution so as to avoid the negative impact of trade liberalization.

2. There is the need to adopt global stock market standard. In order to also ensure the rapid and efficient growth of Nigeria stock market, there is the need for most stock trading floors to adopt modern stock braking and practice this is recognized as global standard.

3. There is need to adopt modern information and communication technology. The growth of stock market is also tied to the adoption of new information and technology. New payment and settlement system should be adopted so as to attract new investor both domestically and internationally.

References:

Adams R.C. (2003): Globalization of the Banking Sector: Cost, Benefit and Challenges for the Nigerian Financial System. Nigeria: *NES Publication*, p. 637.

Adegbite R.P (2002): Globalization Capital Market and Human Right. *National Bureau of Economic Research (NBER), Working Papers* p.56.

Adeola G. (2004): "Stock Market and Globalization in LDCS". *Journal of African Economics. Vol 12 (2) pg 1-16*

Ajayi, S.I. 2001. "What Africa Needs to Do to Benefit From Globalization" *Finance and Development,* 38 (4):6-8.

Akinlo, A.E. (2003): "Globalization, International Investment and Stock Market Growth in Sub-Saharan Africa" Institute of Development Economics. *Japan External Trade Organization V.R.F Series No. 382. pp 13-14.*

Aninat, E. (2002): "Surmounting the Challenges of Globalization." *Finance and Development,* 39(1):4-7.

Claessens, S., Klingebiel, D., Schmukler, S., (2006). Stock Market Development and Internationalization: Do Economic Fundamentals spur both similarly? *Journal of Empirical Finance*, 13: 316-350

Chem, Y (2001): China Stock Market and Challenge of Globalization. China: *Harvard China Review. Annual Conference Speech Notes, pp 1-3.*

Dellas, Harris, and Martin K. Hess (2002): Financial Development and the Sensitivity of Stock Markets to External Influences. *Review of International Economics* 10 (3):525–38.

Detragiache, Enrica, and Spilimbergo, Antonio (2002): Crisis and Liquidity: Evidence and Interpretation. IMF Working Paper No. 01/2. Washington, DC: International Monetary Fund.

Edison, Hali, and Frank Warnock (2001) A Simple Measure of the Intensity of Capital Controls. *International Finance Discussion Paper No. 705.* Washington, DC: Federal Reserve Board, August.

Errunza, V. (2001): Foreign Portfolio Equity Investments, Financial Liberalization, and Economic Development. *Review of International Economics*, 9:703-726.

Idele S.I. (1999):"*Fundamentals of Economic Statistics"* Benin City: Goldband Publisher International Ltd.

Jayasuriya, K (2002): "Globalization, sovereignty, and human rights'' International Journal of Human Rights. Vol 6(1) pg 81-102.

Kumar, Manmohan S., and Avinash Persaud (2001): Pure Contagion and Investors' Shifting Risk Appetite: Analytical Issues and Empirical Evidence. *IMF Working Paper no. 01/134.* Washington, DC: International Monetary Fund.

Kaminsky, Graciela, and Carmen M. Reinhart (2002): The Centre and Periphery: The Globalization of Financial Turmoil. *NBER Working Paper No. W9479*. Cambridge, MA: National Bureau of Economic Research.
Kourtsoyiannis A. (1977): Theory of Econometrics: Introductory Exposition of Econometris Methods. 2nd Edition, New York Palmgrave.
Loto M.A (2010) lobalization and its impact on real sector export performance in the Nigerian economy: 1980-2007. Faculty Journal, Vol.4, 2010.
Mody, Ashoka, and Mark P. Taylor (2002) International capital crunches: The time Varying role of Informational Asymmetries. *IMF Working Paper no. 02/34*. Washington, DC: International Monetary Fund.
Nwokoma, J. K. (2003): ''Globalization, International Investment and Stock Market Growth in Africa". *Journal of Development Studies.* Vol. 31: Pg 14-25
Obstfied, M. (2002): Globalization and Capital Markets. National Bureau of Economic Research *(NBER), Working Paper 56.*
Osazee, B.E. (2001): *Nigerian Capital Markets, Institutional and Operations.* Benin City Nigeria: March Publishing Ltd. pp. 22-24.
Perotti, E., van Oijen, P. (2001): Privatization, Political Risk, and Stock Market Development in Emerging Economies. *Journal of International Money and Finance*, 20:43-69.
Stigtz E.J. (2007): Capital Market Liberalization Economic Growth and Instability. Business day Newspaper, 19th June, pp 15.
Stulz, R., (1999). Globalization, Corporate Finance, and the Cost of Capital. *Journal of Applied Corporate Finance* 1(2), 8-25
Santis, K and Ogu (1997): Globalization, Corporate Finance and the cost of capital. *Journal of Applied Corporate Finance,* 1(2): 8-25
Schneider, F. and D. Enste (2002): *Hiding in Shadows: The Growth of the Underground Economy,* Washington: International Monetary Fund.
Takatoshi Ito and Anne O. Kruege(2001): Bank Lending and Contagion: Evidence from the Asian Crisis. In *Regional and Global Capital Flows: Macroeconomic causes and consequences,* ed. 73–99. Chicago: University of Chicago Press.
Toree, A.P. and Schmuker, S.L. (2007) Stock Market Development Under Globalization the Gains from Reform, *World Bank Policy Research, Working Paper (WPS 4184) pp. 4-6.*
THE NIGERIAN STOCK MARKET ANNAUL (NSMA), 2012.
The World Bank (2003) : World Development Report.
Francis, C (2008): International Business: Text and cases; 4th ed. India: Prentice-Hall.

UNCTAD. (2002a) *World Investment Report 2002: Transnational Corporations and Export Competitiveness.* Geneva: United Nations. United Nation (UN) 2001 “Consequence of the

United Nation (UN) (2001): “Consequence of the Globalization of Capital Market” A Paper Presentation at Beijing China Second International Training Workshop. p.6

Van Rijckeghem, Caroline, and Beatrice Weder. (2000): Spillover through banking centers: A panel data analysis. *IMF Working Paper No. 00/88.* Washington, DC: International Monetary Fund.