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The Nigerian Capital Market and the Standard of Living: An Empirical Inquiry

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ABSTRACT

The major engine of growth and development for any economy is the capital market which accommodates certain institutions for the creation, custodianship, distribution and exchange of financial assets and management of long-term liabilities. Hence, the extent to which a country's economy has grown and developed can be explained by the degree of development of her capital market. The capital market is the pivot upon which any economy revolves, especially in its role of creating, mobilizing and rationing long-term funds for economic growth and development. Economic development often defined as a sustained increase in income per capital, has been one of the main objectives pursued by successive governments in Nigeria. This quest is understandable since it can improve the well-being of the poor and increase the welfare of all members of society. Thus, successive government in Nigeria has adopted several fiscal and monetary policies among which were debt rescheduling, privatization, and commercialization of government enterprises; and recently, the consolidation of the banking and insurance industry. In all these efforts, the capital market played a major role. This study is intended to empirically examine the impact of the Nigerian capital market performance on the standard of living in Nigeria.

In pursuance of this, we constructed a model in which the dependent variable was Per Capital Income (the proxy for standard of living),while the explanatory variables were Market capitalization, All shares index Value of transactions, Volume of transactions and Number of listed companies (proxies for capital market performance). The Ordinary Least Square (OLS) regression model was used for the analysis of data collected. Multiple regression model was used with aid of Microfit Interactive Econometric Software Package. The results indicated that: Market Capitalization, Value of transaction, All-Shares Index and number of listed companies were positively related to and capable of influencing per capital income. The results have proved that the performance of the capital market impacts positively on the standard of living in Nigeria. The study has also revealed a high popularity problem as evidenced in the impact of volume of transactions on per capital income, and the high buy-hold attitude of Nigerian investors. However, it is important to note that the place of the capital market as a catalyst for Nigeria's Socio-economic development will remain more significant in the years to come, as it helps to support national growth and development and invariably improved standard of living.

Keywords: Nigerian Capital Market, Standard Of Living, Empirical Inquiry.

INTRODUCTION

The Capital market is a network of institutions and mechanisms existing for the mobilization and exchange of medium and long term funds in the form of shares, bonds and derivatives (Osamwonyi and Anikamadu, 2002). It provides efficient access to opportunities for savings, long-term funds for industrial development, debts repayment and liquidity mechanism for investors. According to Nwankwo (1980), the Capital market exists to provide borrowing and lending opportunities, and enable the authorities to mobilize long-term capital for economic development of the country.

The economic development of any nation has a linear relationship with the level of investment and in variably productive capability. Hence, in the view of Mobolurin (2003), the hope for economic development must hinge on the ability of the society, represented by its government to redress the infrastructural deficiencies in the economy or provide incentive for those who can, to make the necessary investments. Whether these investments are undertaken by the government as part of its provision of public goods or by private entrepreneurs, they need to be financed.

Economic development often defined as a sustained increase in income per capital (Iyoha,2004); has been one of the main objectives pursued by successive governments in Nigeria. This quest is understandable since it can improve the well-being of the poor and increase the welfare of all members of society. Thus, successive government in Nigeria has adopted several fiscal and monetary policies among which were debt rescheduling, privatization, and commercialization of government enterprises; and recently, the consolidation of the banking and insurance industry. In all these efforts, the capital market played a major role

The Capital market provides the framework by which domestic and foreign savings are gathered and transferred to those whose investment requirements exceed their own savings. In this way, Governments and entrepreneurs can undertake investments greater than their own savings and can accelerate the pace of investments beyond the scope of their savings. The Capital market, in channeling both domestic and foreign savings into any economy to finance both socio-economic infrastructure projects and production related investments, ensures that the requirements of the surplus units and the deficit units are met. The sustenance of every market is the ability to mediate the conflicting interests of supply and demand. This the capital market, through its various structures, achieves with efficiency. The main focus of this study is to examine the relationship between capital market performance indicators especially Market Capitalization (MC), All-shares index (ASI), Volume of transactions (VOLT), Value of transactions (VALT) and Number of Listed companies (NLC) and the standard of living in Nigeria. The assumption here is that these variables would have direct relationship with the standard of living proxy.

Literature Review

In developing nations, general levels of living tend to be very low for the vast majority of people. This is true not only in relation to their counterparts in rich nations but often also in relation to small elite groups within their own societies. These low levels of living are manifested quantitatively and qualitatively in the form of low incomes, inadequate housing, poor health, limited education, high infant mortality, low life and work expectancies, and in many cases a general sense of malaise and hopelessness (Todaro and Smith, 2003). The standard of living in any economy is dependent on the level of economic growth and development. Hence, governments usually strive to formulate policies and implement programmes that will lead to economic growth and development.

Economic growth is the increase in the value of goods and services produced by an economy. It is generally considered to be an increase in the wealth, or more income of a nation. In an economic sense, it refers to growth of potential output i.e. production at full employment rather than growth of aggregate demand/output. It is conventionally measured as the percent rate of increase in real Gross Domestic Product (GDP). The real GDP per capital of an economy is often used as an indicator of the average standard of living of individuals in that economy. Thus, economic growth is therefore often seen as indicator of an increase in the average standard of living of individuals in that economy (Iyoha, 2004). He contended further that economic development, on the other hand, is a sustained increase in living standards that implies increase in per capital income, better education and health as well as environmental protection. In the view of Todaro (1980), economic development is more fundamental than economic growth as it goes beyond the mere rise in real national income. It must manifest in improved standard of living for the citizens.

One of the major institutions that act in propelling a prostate economy through sustainable investments toward growth and development is the capital market. The capital market is the cornerstone of any financial system since it provides the funds needed for financing not only business and other economic institutions but also the programmes of government as a whole. (Osaze and Anao, 1999). The capital market plays a very vital role in stimulating industrial as well as economic growth and development (Okereke – Onyiuke, 2008). Corporate recourse to the capital market got a boost from the Indigenization Programme, Deregulation of Interest Rates, Privatisation Programme, and the recent Banking Sector and Insurance Industry reforms (Okereke – Onyiuke, 2008). Today, a total of 315 securities worth about ₦ 14 trillion are listed on The Nigerian Stock Exchange. In 2007 for instance, more than ₦2 trillion was raised from the market through the offering of new securities, as against ₦1.6 trillion raised in 2006.

CAPITAL MARKET PERFORMANCE INDICATORS

Growth in Number of Securities

The number of securities listed on the NSE has recorded an appreciable increase over the years. On the aggregate, the total number of securities increased from 8 in 1961 to 272 in 1993 and 276 in 2004. Increased securities listing indicates that more companies have become public, with the attendant positive contributions to the economy. The number of equity listings on a stock exchange determines the popularity and size of a stock market. In Table 4.I, total securities increased from 272 with 174 equities, 71 industrial loans and 37 government stocks in 1993, to 276, 207, 52 and 17 respectively in 2004. The total number of securities listed on the Exchange rose by 12 in 2005; following the listing of new securities and delisting of some existing issues. In 2006, there was improved activity in the primary market arising from the increased recourse to the stock market by companies and the Federal Government, consequent upon the high lending rates in the money market and the slow down in banking operations at the height of the banking reform. The number of securities listed on the Exchange increased to 293, up from 287 in 2005. In 2007, the number of securities rose to 312. This brought the number of listed Government stock, industrial loans and equities to 62, 38 and 212 respectively.(see appendix A, table 1) However, the growth in number of securities is not adequate for meaningful economic development especially when compared with those of other emerging markets such as South Africa, Egypt, India and Malaysia.

All- Share Index

All- share index is an average of the prices of equities and the number of securities. With its base point of 100 in 1984, the NSE All-Share index has grown tremendously over the years. The average growth rate between 1984 and 2000 was 33.33%. This indicates an improvement in activity in the market. There was a brief rise from 1993 to 1995. Infact, 1995 had the highest ever recorded percentage rise of 130.9 percent. From 1996 the percentage change began to fall to the point of recording negative percentage change in three subsequent years, 1997, 1998, and 1999. This can be attributed to the general lull in economic activities characterized by low industrial capacity utilization, unstable political environment and social unrest. Thereafter, it began to rise again to reach 23844.45 points in 2004. As shown in appendix A, table 1, the All-share index rose by 54% in the year 2000 and declined to 10% in 2002. In 2003, it rose to 65.8% and in 2004, the growth rate was 18.5%.In 2005, the index rose marginally by 1.01% to close the year at 24085.76 This substantial fluctuation was due to extreme swings in the economy, coupled with the consolidation in the banking sector, which saw a lot of funds flowing from the secondary market to the primary market. In 2006, the index rose by 37.8% to close the year at 33189.30 points. The index grew by 74.73% or 24800.92 points to close at an historic value of 57990.22 points in 2007. These indicate the level of instability in the Nigerian capital market activities. This reflects positive improvement in prices of most quoted equities during the year, especially the highly capitalized stocks.

Market Capitalization / Gdp Ratio

Market Capitalization is the total value of all equity securities listed on a stock exchange. It is a function of the prevailing market price of quoted equities and the size of their issued and paid up capital. Market capitalization is the most important measure for assessing the size of a capital market. The Nigerian Capital Market has experienced an equity capitalization growth of over 5000% to reach N299.9bn as at December 1999, within ten years. Market capitalization continued to improve as can be seen from the 1995 figure in appendix A, table 1. From there, the recorded annual figures were in hundreds of billions. As at 2004, it had reached over N2.1 trillion and in 2005, 2006 and 2007, it reached N2.9 trillion, N5.12trillion and N13.3 trillion respectively. In 1993, market capitalization was N47.4 billion. This represents 42% of the GDP for that year, which stood at N1132.2 billion. Market capitalization/GDP% continued to increase till 1996 when it stood at 6.9%. In 1997, the percentage of market capitalization to GDP fell to 6.8%, the downward trend continued till 1999 when the figure stood at 6.2%. In year 2000, market capitalization, as percentage of GDP was 7.0% the percentage continued to rise up to 18.1% in 2004, 19.9% in 2005, 27.6% in 2006 and 58.2% in 2007.This implies that the Capital market contributed only 18.1%, 19.9% and 27.6% of the Gross Domestic Product in 2004, 2005 and 2006 respectively. In 2007, the market capitalization grew tremendously to stand at N13.295 trillion by year end. Price appreciation by equities consequent upon macroeconomic stability and improved corporate results explain in large part the growth of the market capitalization during the year. Additional factors include the listing of new securities.

In proffering explanation to the market capitalization – GDP percentage change for some of the years, one can say that the fear of the unknown as a result of the Presidential election conducted that year may be given as a reason for the lull experienced on the stock exchange in 1993. The restoration of relative peace, when the military took over power may have caused activities to boom again on the stock exchange as evidenced in the rise of the ratio up to 1996. The restoration of democratic government with the attendant dividend certainly has positively impacted on the percentage figure as it stood at 18.1% in 2004. This improvement continued as market capitalization – GDP ratio grew to 19.9%, 27.6% and 58.2% in 2005, 2006 and 2007 respectively. The observed growth was largely achieved due to the increase in new listings, bonus issues and increased equity prices. It must be noted that there is a positive correlation between increased market capitalization and improved corporate governance and efficiency of companies. When capitalization is high in relation to the level of economic activities, the market vis-à-vis the economy can be said to be performing. (Al-Faki, 2006).

Turnover Ratio

The turnover ratio (Value traded as a function of market capitalization) indicates the degree of investment awareness, buy hold attitude of investors and the level of sophistication of the stock exchange market. When the ratio is low, it indicates that investors in the market exhibits a high level of buy hold attitude and when this is the case, return on investment is usually very low, mainly in form of dividend which confer marginal benefit on shareholders compared to capital appreciation which results when there is high turnover ratio.

The turnover ratio of transactions on the Nigeria Stock Exchange has not been impressive over the years. It was 0.8% in 1993 and has risen slowly but steadily to 10.7% in 2004.The turnover ratio sustained its improvement, rising from 12.42% in 2005, 14.70% I 2006 to 28.21% in 2007. This is attributable to the improved awareness of the opportunities in the stock market, improved operating results by some quoted companies, large available float (especially in the banking and insurance sectors), sustained inflow of pension funds, and low interest rates on deposits in the money market (NSE,2008). However, Compared to some emerging markets, the Nigeria Stock Exchange turnover ratio is very poor. This indicates the high level of buy hold attitude among Nigerian Investors and the relative low degree of investment awareness in Nigeria.

Theoretical Framework

The growth or development of any economy rises or falls as a consequence of changes in some economic factors (Nwude, 2007). An element of refinement is to reduce this measure to the level of output per head, or income per head, or consumption per head having made allowance for any change in the country's population within the accounting period (Nwude, 2007). In the view of Osazee (1985), the activity in every stock exchange is often an indicator of economic performance and is measured by the movement and behavior of stock prices. Increasingly, attention is shifting to the capital market for a number of reasons, including the dissatisfaction with bank-based finance which is fraught with government controls and the growing awareness of the need for a more integrated approach to financial sector development, resource mobilization, and the promotion of investment and economic growth (Dailami and Atkin, 1990).

There are certain key indicators of capital market development, which are generally accepted in literature. These, according to the International Finance Corporation (IFC) (1991), are the standard quantitative indicators of stock market development:

1. Net increase in Market capitalization
2. Number of listed companies
3. Trading of shares in value terms

Based on the foregoing, the simple indicators of capital market performance are

a. Increased breadth as measured by new listing
b. Increased size as measured by market capitalization
c. Increased liquidity as measured by value of traded securities.
d. Increase activity as measured by All share index.

Osamwonyi (2006) fitted three models encompassing capital market performance indicators and Gross Domestic Product, per capita income and gross Fixed Capital Formation for a period of ten years, to provide some econometric evidence for capital market and economic development. In the view of Nwude (2007), the GDP, a measure of economic development, is the money value of all the goods and services which became available to a nation over a given period from all its economic activities. Iyoha (2004), also contended that GDP is one of the most important concepts in macro economic analysis and indeed serves as a measure of an economy's performance and level of the average standard of living of individuals in that economy. He contended further that economic development, on the other hand, is a sustained increase in living standards that implies increase in per capital income… Based on the above framework, the following variables were identified: Market capitalization, All Share index, value of transactions, volume of transactions and number of listed companies. These variables will be tested for their effect and causal relationship with per capital income (proxy for standard of living).

METHODOLOGY

The study relied wholly on secondary sources for data. Accordingly, the data were obtained from Central Bank of Nigeria Statistical Bulletin, Nigeria Stock Exchange Fact books, annual reports and statement of accounts (Various Years) of quoted companies and the Central Bank of Nigeria; and other relevant publications. The data collected are for a period of fifteen years, from 1993 to 2007. The longitudinal scope is premised on the fact that 1993 marked the commencement of the deregulation of the Nigerian Capital Market; and 2007 is the latest year for which relevant data were available. Specifically, the data collected are market capitalization of the NSE, volume of transaction on the NSE, All share index of the NSE, number of listed Companies on the NSE, Per Capita Income (PCI) for the relevant years.

The Ordinary Least Square (OLS) regression models were used for the analyses of data collected. Multiple regression model was used with the aid of the Microfit Interactive Econometric Software.

The functional form of the models tested is as follows:

$Y = f(B_o + B_1X_1 + B_2X_2 \ldots B_nX_n)$

Where B_o; B_1; B_2 … B_n were parameters estimated, X_1, X_2 … X_n were independent variables, and Y was the dependent variable.

The form suitable for empirical testing of the above functional specification is stated as follows:

$PCI = a_0 + a_,Mc + a_2 ASI + a_3VOLT + a_4VALT + a_5NLC + e_i$

Where:

PCI = Per Capita Income as dependent variable

The explanatory variables (capital market indicators) for each of the model are:

MC = Market Capitalization of the NSE

ASI = All share index of the NSE

VOLT = Volume of Transaction on the NSE

VALT = Value of Transaction on the NSE

NLC = No of listed Companies on the NSE

e_i = error term

$a_1, a_2, a_3, a_{4,} a_5$ = Coefficient of the appropriate research variables

$a_1, a_2, a_3, a_{4,} a_5 > 0$

PCI is proxy for standard of living while MC, ASI, VOLT, VALT and NLC represent the capital market.

Data Presentation and Analysis of Regression Results

This section of the paper focuses on the analysis of the regression results.
The data presentation and the full regression results are shown as appendices.

ANALYSIS OF REGRESSION RESULTS

PCI = –225406.5+20.5602MC–2.1146VOLT+0.013279VALT+1.4555ASI+1365.5NLC

(–3.2698) (3.4518) (–1.3513) (0.16227) (2.3863) (3.5175)

$R^2 = 0.99125$

$\bar{R}^2 = 0.98644$

DW-Statistic = 2.0127

F-stat (5,9) 204.67521

Our results show that the coefficient of determination indicates a high causal relationship between the dependent and independent variables. Given the value of R^2, it can be concluded that the independent variables together explain over 98% of the systematic variations in Per Capital Income during the period studied. The F- value of 204.67521 is highly significant at 5% level; this means that there is significant linear relationship between dependent and independent variables as a group. It would be recalled that it was hypothesized that MC, ASI, VALT, VOLT and NLC are positively related to Per Capital Income. The parameter estimates of the relationship between Per Capital Income and market capitalization, Value of transaction, All-share index and number of listed companies show a positive relationship. This means that an increase in market capitalization, Value of transaction, All-share index and number of listed companies will lead to an increase in Per Capital Income. Specifically, the coefficients show that a 1% increase in MC, VALT, ASI and NLC will cause a growth of about 20.56%, 0.01% 1.46% and 1365.5% respectively in Per Capital Income. This result conforms to the theoretical postulation of the study. The negative sign of VOLT showed an inverse relationship, and this did not confirm the apriori expectation. The T-values reported in parenthesis below the coefficients were significant at 5% level for MC, ASI and NLC. This means that they are capable of influencing PCI to a significant level; while VOLT and VALT were not significant at 5% level. The inverse and insignificant relationship of VOLT with PCI was not entirely unexpected when we consider the Buy – hold syndrome of Nigerian investors and the low level of development of the Nigerian capital market. This implies that the Nigerian Stock Exchange (NSE) lacks depth and breadth (Osaze, 2000). In a well researched paper on the issue, Adetunji, (1997:23), argues that "African markets basically lack depth and breadth with most of them trading only in traditional instruments. The level of awareness by the populace is low while not much is known about our markets by outsiders". Also, in the views of Ilaboya and Ibrahim, (2004:63), "The insignificant relationship reflects the fact that majority of key investors prefer to invest in other sectors of the economy other than the capital market". However, the DW-statistic of 2.0127 shows the absence of positive first-order serial correlation. This indicates that the model has a high explanatory and predictive power.

CONCLUSION

The primary objective of this study is to investigate the impact of capital market performance on the standard of living in Nigeria. To achieve this aim, we specified an empirical model in which we related capital market performance indicators to per capital income. The results obtained were generally satisfactory. The Nigerian capital market has the capacity to continue to provide avenues for government and corporate entities to effect optimal financing and capital base broadening. Such sound financial services, will no doubt, enhance economic growth and development and invariably the standard of living in Nigeria; and also serve as hedge against the vagaries of business and economic cycles which have in recent times shaken the basic fabrics of our national economy.

APPENDIX A

Table 1: Growth in number of securities.

YEAR	GOVT STOCK	INDUSTRIAL LOANS	EQUITIES INCLUDING SSM	TOTAL
1993	37	71	174	272
1994	35	64	177	276
1995	28	67	181	276
1996	24	69	183	276
1997	22	60	182	264
1998	19	59	186	264
1999	15	58	196	268
2000	12	53	195	260
2001	11	56	194	261
2002	10	53	195	258
2003	14	51	199	264
2004	17	52	207	276
2005	23	50	214	287
2006	45	47	202	293
2007	62	38	212	312

Table 2: All- Share Index.

YEAR	ALL-SHARE INDEX	GROWTH RATE (%)
1993	15544.00	-
1994	2205.00	42.8
1995	5092.00	130.9
1996	6992.10	37
1997	6440.51	(46.1)
1998	5672.76	(11.9)
1999	5266.43	(7.2)
200	8111.01	54.0
2001	10963.11	35.2
2002	12137.72	10.7
2003	20128.94	65.8
2004	23844.45	18.5
2005	24085.76	1.01
2006	33189.30	37.8
2007	57990.22	74.73

Table 3: Market Capitalization / Gdp Ratio.

YEAR	**GDP**	**MC (N bn)**	**MC/GDP RATIO (%)**
1993	1132181.2	47.4	4.2
1994	1457129.7	66.4	4.6
1995	2991941.7	180.3	6.0
1996	4135813.6	285.6	6.9
1997	4300209.0	292.0	6.8
1998	4101028.3	263.3	6.4
1999	4799966.0	299.9	6.2
2000	6850228.8	478.6	7.0
2001	7055331.0	662.6	9.4
2002	7984385.3	763.9	9.6
2003	10136364.0	1359.0	13.4
2004	11673602.2	2112.0	18.1
2005	14572240.0	2900.0	19.9
2006	18564600.0	5120.0	27.6
2007	22848900.0	13295.0	58.2

Source: NSE, (1997, 2003 and 2008) and CBN, (2005 and 2008) Statistical Bulletin Vol. 6 and author's computation.
GDP= Gross Domestic Product and is in million naira at current market prices.
MC = Market Capitalization of the NSE

Table 4: Turnover Ratio.

YEAR	TURNOVER RATIO (%)
1993	0.8
1994	0.9
1995	1.02
1996	2.5
1997	3.9
1998	5.2
1999	4.1
2000	5.9
2001	8.6
2002	7.9
2003	8.9
2004	10.7
2005	12.42
2006	14.70
2007	28.21

Source: CBN, (2005 and 2008) Statistical Bulletin Vol. 6.

Table 5: Pci and Capital Market Performance Indicators

YEAR	GFCF	MC (N bn)	VOLT(Nm)	VALT(Nm)	ASI	NLC
1993	12018.9	47.4	473.0	402.3	1544.00	174
1994	15146.9	66.4	524.0	569.7	2205.00	177
1995	30221.6	180.3	397.0	1838.8	5092.00	181
1996	40428.3	285.6	882.0	7100.0	6992.10	183
1997	40876.5	292.0	1300.0	11100.0	6440.51	182
1998	37797.5	263.3	2100.0	13600.0	5672.76	186
1999	42933.5	299.9	3900.0	14100.0	5266.43	196
2000	59463.8	478.6	5000.0	28200.0	8111.01	195
2001	58991.1	662.6	5900.0	57600.0	10963.11	194
2002	64966.5	763.9	6600.0	60300.0	12137.72	195
2003	80192.8	1359.0	13300.0	120700.0	20128.94	200
2004	89895.0	2112.0	19210.0	225820.0	23844.45	207
2005	508400.8	2900.0	26700.0	262940.0	24085.76	214
2006	66525.7	5120.0	36700.0	470253.0	33189.30	202
2007	711178.3	13295.0	138100.0	2100000.0	57990.22	212

Source: NSE, (1997, 2003 & 2008) and CBN, (2005 and 2008) Statistical Bulletin
population for 2006 is actual, while that of2007 is based on the NPC's projected annual growth rate of 3.2% (based on the 2006 census).
MC = Market Capitalization of the NSE
ASI = All share index of the NSE
VOLT = Volume of Transaction on the NSE
VALT = Value of Transaction on the NSE
NLC = No of listed Companies on the NSE
Source: NSE (1998, 2003 and 2008) Factbook.
Ordinary Least Squares Estimation
Dependent Variable is PCI
<u>15 Observations used for estimation from 1993 to 2007</u>
Source: NSE, (1997, 2003 & 2008) and CBN, (2005 and 2008) Statistical BulletinVol.6 and author's computation

APPENDIX B: REGRESSION RESULTS

Regressor	Coefficient	Standard Error	T-Ratio [Prob]
CON	-225406.5	68936.2	-32698 [.010]
MC	20.5602	5.9564	3.4518 [.007]
VOLT	-2.1146	1.5649	-1.3513 [.210]
VALT	.013279	.081836	.16227 [.875]
ASI	1.4555	.60994	2.3863 [.041]
NLC	1365.5	388.1974	3.5175 [.007]

R-Squared	0.99128	R-Bar-Squared	0.99644
S.E. Of Regression	4922.2	F-Stat. F (5, 9)	204.6752 [.000]
Mean of Dependent Variable	64844.5	S.D. Of Dependent Variable	42267.9
Residual Sum of Squares	2.18E+08	Equation Log-Likelihood	-144.9754
Akaike Info. Criterion	-150.9754	Schwarz Bayesian Criterion	-153.0996
DW-Statistic	2.0127		

Diagnostic Tests

Test Statistics	LM Version	F Version
A: Serial Correlation	CHSQ (1)= .0092895[.923]	F(1, 8) = .0049575[.946]
B: Functional Form	CHSQ (1)= 10.2440[.001]	F(1, 8) = 17.2311[.003]
C: Normality	CHSQ (2)= .17467[.916]	Not Applicable
D: Heteroscedasticity	CHSQ (1)= .46681[.494]	F(1, 13) = .41756[.529]

A: Lagrange multiplier test of residual serial correlation
B: Ramsey's RESET test using the square of the fitted values
C: Based on a test of skewness and kurtosis of residuals
D: Based on the regression of squared residuals on squared fitted valuesVol. 6
PCI = Per Capital Income and is GDP divided by the population.
Population for 1993 - 2005 is based on the Nigerian Population Commission (NPC'S) projected annual growth rate of 2.8% (based on the revised 1991 census). The

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