



Currency Fluctuations, Inflation And Stock Market Prices: Evidence From Nigeria

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Abstract

The role of currency fluctuations and inflation rate volatility in determining stock market prices cannot be overrated by all standards. This study examines the effect of the fluctuations in these selected macroeconomic factors on the stock market prices in Nigeria from 1999 to 2018 using data obtained from the Nigerian Stock Exchange, World Bank and CBN statistical bulletin. The regression result reveals that real exchange rate fluctuation has a significant positive influence on Nigerian stock market prices while the inflation rate volatility exerts no significant impact on stock market prices. The study recommends that the market players and the relevant authorities should put in place policies that will enable investors to hedge against the effect of the fluctuations in the macroeconomic factors which are inevitable and could be adverse on the market if precautionary measures are not taken on time.

Keywords: Exchange rate volatility, inflation rate, stock market prices, Nigerian Stock Exchange, Currency fluctuations.