RELATIONSHIP BETWEEN MACROECONOMIC VARIABLES AND STOCK PRICE IN NEPAL

A Thesis
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for the Degree of
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in
ECONOMICS

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LETTER OF RECOMMENDATION

This thesis entitled ***"Relationship between Macroeconomic Variables and Stock price in Nepal"*** has been prepared by Mr.Gangaram Bhattarai under my supervision. I hereby recommend this thesis for examination to the Thesis Committee as a partial fulfillment of the requirements for the Degree of MASTER OF ARTS in ECONOMICS.

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6th April, 2014

APPROVAL SHEET

We clarify that this thesis entitled ***"Relationship between Macroeconomic Variables and Stock price in Nepal"*** submitted by Mr. Gangaram Bhattarai to the Central Department of Economics, Faculty of Humanities and Social Science, Tribhuvan University, in partial fulfillment of the requirements for the Degree of Masters of Arts in Economics has been found satisfactory in scope and quality. Therefore, we accept this thesis as a part of the said degree.

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I bear sole responsibility for any errors and discrepancies that might have occurred in .this Study.

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TABLE OF CONTENTS

	Page No.
LETTER OF RECOMMENDATION	i
APPROVAL LETTER	ii
ACKNOWLEDGEMENTS	iii
TABLE OF CONTENTS	iv-v
LIST OF TABLES	vi
LIST OF FIGURES	v
LIST OF ACRONYMS	ix
CHAPTER ONE: INTRODUCTION	**1-6**
1.1 General Background	1
1.2 Statement of the Problem	3
1.3 Objectives of the Study	4
1.4 Significance of the Study	4
1.5 Limitations of the Study	5
1.6 Organization of the Study	6
CHAPTER TWO: REVIEW OF LITERATURE	**7- 23**
2.1 Introduction	7
2.2 Theoretical Literature Review	7
2.2.1 The Capital Asset Pricing Model	7
2.2.2 The Arbitrage pricing model	13
2.3 The Empirical Review	18
2.3.1 Review of International Literature	18
2.3.2 Review of National Literature	21
2.4 Conclusion	23

CHAPTER THREE: DATA AND METHODOLOGY **24-36**

3.1 Introduction 24

3.2 Estimation of NEPSE Equation 24

3.2.1 The Empirical model 24

3.2.2 Estimation Methodology 25

3.2.3 Hypothesis 28

3.3 Econometric Tools 29

3.3.1 Time Series Properties of the Variables 29

3.3.2 Cointegretion 29

3.3.3 Error Correcting Model 30

3.3.4 Diagonostic and Other Tests 31

3.4 The Data 36

CHAPTER FOUR: DATA ANALYSIS **37-44**

4.1 Time Series Properties of the Variables 37

4.2 Estimation Results of Trend Relationship 40

4.3 Stability Test 44

CHAPTER FIVE: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS **45-47**

5.1 Summary of the Findings and Conclusions 45

5.2 Recommendations 46

5.3 Areas of Further Study 46

REFERENCES **48-53**

APPENDICES

LIST OF TABLES

	Page No.
Table 3.1: Variable Details	25
Table 4.1: ADF Test Results	39
Table 4.2: Bound Test	40
Table 4.3: Full –information of ARDL Estimate Results	41
Table 4.4: Estimated Long Run Coefficients using the ARDL Approach	43

LIST OF FIGURES

	Page No.
Figure 2.1: Relationship between the beta & the assets expected rate of return	9
Figure 4.1: Time Series Plot of Ygt and NEPSE	38
Figure 4.2: Time Series Plot of Broad money supply	38
Figure 4.3: Time Series Plot of Inflation	38
Figure 4.5: Plots of CUSUM Statistics	
Figure 4.6: Plots of CUSUMSQ Statistics	

LIST OF ACRONYMS

AIC	-	Akaike Information Criterion
APT	-	Arbitrage pricing theory
ADO	-	Asian Development Outlook
ARDL	-	Auto Regressive Distributed Lag Model
CAPM	-	Capital Asset pricing model
CBS	-	Central Bureau of Statistic
CPI	-	Consumer Price Index
DDM	-	Dividend discount model
DPS	-	Dividend per share
EPS	-	Earning price per share
FY	-	Fiscal year
GDP	-	Gross Domestic Product
JB	-	Jarque Berra Test
LM	-	Lagrange Multiplier Test
IMF	-	International Monetary Fund
MOF	-	Ministry of Finance
OLS	-	Ordinary Least Squares
NRB	-	Nepal Rastra Bank
NEPSE	-	Nepal stock exchange
RESET	-	Regression Specification Error Test
SML	-	Security market line
SBC	-	Schwarz Bayesian Criterion
STIR	-	Short term interest rate
UK	-	United Kingdom
USA	-	United States of America