DETERMINANTS OF SHARE PRICE OF NEPALESE COMMERCIAL BANKS

A Dissertation submitted to the office of the Dean, Faculty of Management in partial fulfilment of the requirements for the Master's Degree

Submitted by

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CERTIFICATION OF AUTHORSHIP

I hereby corroborate that I have researched and submitted the final draft of dissertation entitled "DETERMINANTS OF SHARE PRICE OF NEPALESE COMMEERCIAL BANKS". The work of this dissertation has not been submitted previously for the purpose of conferral of any degrees nor has it been proposed and presented as part of requirements for any other academic purposes.

The assistance and cooperation that I have received during this research work has been acknowledged. In addition, I declare that all information sources and literature used are cited in the reference section of the dissertation.

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13 July, 2022

REPORT OF RESEARCH COMMITTEE

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ABSTRACT

The study entitled "Determinants of Share Price of Nepalese Commercial Banks" has been conducted having four samples such as Himalayan Bank Limited, Everest Bank Limited, Global IME Bank Limited and Agricultural Development Bank Limited out of total 27 commercial banks. The major objective of this study is to analyze determination of stock price in Nepalese commercial banks. The samples have been chosen on the basis of purpose fulfilment i.e. purposive sampling technique. The total number of observations is forty having ten years' annual financial dataof four sampled banks. As per research design, descriptive and causal comparative research design has been employed. The statistical tools consist of mean, standard deviation, coefficient of variation as well as the inferential statistic consists of mainly correlation and regression analysis i.e. fixed effect model (FEM) for better evaluation of undertaken variables such as market price per share, liquidity (cash reserve ratio), price earnings ratio, firm size, earnings per share and dividend payout ratio.

The most affecting key factor as per the findings of this study for determination of market price per share is earnings per share however, dividend payout ratio and cash reserve ratio also affect largely. The dependent variable market price per share has positive and significant relationship with dividend payout ratio, earnings per share and price earnings ratio which implies the meaning that they lead each other in the same direction. Similarly, there is negative but significant relationship between market price per share and cash reserve ratio. There is negative and insignificant relationship between market price per share and firms' size which implies the meaning that they lead one another in the opposite direction. Thus, an increment over firms' size leads to a decrement over market price per share. Eventually, on the basis of findings the performance of market price per share is gradually increasing in Nepalese commercial banks. To boost up performance of market price per share the earrings per share and dividend payout ratio need to increase by commercial banks.

Key Words: Stock Market, NEPSE, Stock Price, Earnings per Share, Profitability, Liquidity

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ABBREVIATIONS

&	:	And
AD	:	Annon Domini
ADBL	:	Agricultural Development Bank Limited
ANOVA	:	Analysis of Variances
C.V.	:	Coefficient of Variation
CRR	:	Cash Reserve Ratio
DPR	:	Dividend Payout Ratio
e	:	Error Terms
EBL	:	Everest Bank Limited
EPS	:	Earnings per Share
et. al.	:	And Others
etc.	:	Etcetera
FEM	:	Fixed Effect Model
F-Value	:	Fishers Value
FY	:	Fiscal Year
GDP	:	Gross Domestic Product
GIME	:	Global IME Bank Limited
HBL	:	Himalayan Bank Limited
i.e	:	That is
M	:	Models
MPS	:	Market Price per Share
PER	:	Price Earnings Ratio
P-Value	:	Probability Value
r	:	Coefficient of correlation
R^2	:	Correlation Coefficient
ROE	:	Return on Equity
Rs.	:	Rupees
S	:	Firm Size
S.D.	:	Standard deviation
β	:	Beta Value

CHAPTER I
INTRODUCTION

1.1 Background of the Study

The determinants of stock prices are often a matter of debate. Economists and financial market participants hold different views as far as the pricing of an asset is concerned. In an efficient market, stock prices would be determined primarily by fundamental factors such as earning per share, dividend per share, payout ratio, size of the firm and dividend yield, management, diversification, etc. (Srinivasan, 2012). To forecast future stock prices, fundamental analysts use stock valuation ratios to derive a stock's current fair value and forecast future value. If fair value is not equal to the current stock price, fundamental analysts believe that the stock is either over or under valued and the market price will ultimately gravitate towards fair value (Srinivasan, 2012). Fundamentalists do not heed the advice of the random walkers and believe that markets are weak form efficient. By believing that prices do not accurately reflect all available information, fundamental analysts look to capitalize on perceived price discrepancies (Srinivasan, 2012).

Whether stock markets across national borders are integrated is important for several reasons. For global investors and country funds, a highly integrated world stock market indicates that the returns of securities are similarly priced internationally. As a result, there is little differential in risk premiums and the potential for cross-border diversification diminishes (Akdogan, 1996). For corporate finance, a highly integrated stock market implies that there is less opportunity to acquire capital at lower costs across borders. This discourages activities of foreign listings. The third issue relates to the market efficiency hypothesis. The degree of market integration indicates the level of information efficiency in the presence of geographic boundaries and technological constraints. Last but not least, the issue of market integration has increasingly received attention from international and development economists.

The most basic factors that influence price of equity share are demand and supply factors. If most people start buying then prices move up and if people start selling prices go down. Government policies, firm’s and industry’s performance and

potentials have effects on demand behavior of investors, both in the primary and secondary markets. The factors affecting the price of an equity share can be viewed from the macro and micro economic perspectives. Macro-economic factors include politics, general economic conditions - i.e. how the economy is performing, government regulations, etc. Then there may be other factors like demand and supply conditions which can be influenced by the performance of the company and, of course, the performance of the company vis-a-vis the industry and the other players in the industry (Shubiri, 2010).

Stock market is the mirror of economy. It has become an essential market playing a vital role in economic prosperity that fostering capital formation and sustainable economic growth. Stock markets are more than a place to trade securities; they operate as a facilitator between savers and users of capital by means of pooling of funds, sharing risk, and transferring wealth. Stock markets are essential for economic growth as they insure the flow of resources to the most productive investment opportunities (Kurihara, 2006). It helps in growth of industry and commerce of the country that eventually affects the economy of the country to a great extent. This is the reason that all sectors like government, industry, corporation and even the central banks of the country keep a close watch on the happening of the stock market. Stock market is a medium through which small and scattered saving of investors are directed in productive activities of corporate entities. It also provides the essential attributes of liquidity, marketability and safety of investments to the investors. A well-organized and well-regulated capital market facilitates sustainable development of economy by providing long term fund in exchange for financial assets to investors. Hence, every government strives to develop and grow their capital market through various legislative and regulatory measures.

The stock market is all about dynamics and that is why investors and fund managers have been time and again confronted with the problem of accurately predicting the stock prices so as to earn decent returns. Investment in shares offers the benefit of liquidity as well as the opportunity to beat the market and earn high returns. But the task of predicting share prices is far from simple. Share price movement is dependent in nature and both intrinsic as well as extrinsic factors have been established to exercise influence over stock price movements (Malhotra & Tandon, 2013).

The key function of the stock market is to provide an exchange in which buyers and sellers interact for the purpose of trading shares and other securities issued by publicly traded companies (Monther & Kaothar, 2010).The micro economic factor also known as company fundamental factor such as company performance, top management changes, and creating new assets, dividends, earnings, etc are also responsible for change in price of the stock. Company fundamental factors are determined by financial ratios derived from company financial statements. Ebrahimi (2011) revealed that earning per share, return on assets, net profit margin, basic earning power, price earnings ratio, dividend payout ratio, earning and beta has a significant effect on stock price.

Since stock market is the place where people get rich quickly, it has been receiving the most attention from the media and public interest has been increasing towards stock market. However, we cannot deny the fact that it depends on various factors and time, otherwise it won't take a time to make people rich to poor. Therefore, this study aims to direct the investors to consider various determinants presented in this study before investment decision rather than on rumors and intuition. Here, the researcher will focus on the fundamental factors which directly influence the share price movement and on the basis of this report the investor could make their investment portfolio since large numbers of people are directed toward stock market and we are also aware about the volatility in stock market, so to safeguard the investors' investment on stocks this research will be directed toward identifying the factors affecting the stock price.

The stock market promotes capital formation and provides source of financing for the capital requirements of the firms. In other hand, it provides vast choices of investment opportunities to the investors in equity shares of the firms providing considerable return to the investors. The performance of the stock and its price movement gives varying return in the flow of time. Investors make decisions to buy or sell the shares of the companies, analyzing the share price movements, stock return and the company's financial variables. So there are various external and firm specific factors influencing the stock price of the companies.

Demand and supply influence stock price. Both the internal and external factors determine the stock price. However, to specify exactly what factors do determine

stock price is a controversial/ unpredictable issue. Stock price is the function of the several factors. The stock price fluctuates time to time and stock exchanges react to the environmental changes. However, for some environmental changes, the stock exchanges have no effect. The major issue of this paper is the stock price fluctuating in the same as well as different situation. This paper is to analyze which are the most important affecting factors on stock price of Nepalese commercial banks. More specifically, this paper is expected to answer the major influencing factors of stock price, relationship amongst MPS with the EPS, DPS, PER right share, market whims and rumors, interest rate and political situation on stock price. It also expected to explore which is the most significant factor to predict the stock price.

The thesis deals with an attempt to analyze the factors and variables that influence the performance of share price of commercial banks in Nepalese context. Hence, the main objective of this study is to analyze the factors affecting the share price and investigate the relationship between the firm specific variables and market price per share of Nepalese commercial banks. Specially, it examines the impact of earning per share; cash reserve ratio, dividend payout ratio, size of firm and price earnings ratio, in the market price per share.

1.2Problems Statement

Various factors influence the share price of the firms. Numerous researches have been conducted to reveal the determinants of stock price in different countries. Such results carried out in different periods have varying conclusions. Researches state that various firm specific factors and macro-economic variables are significantly influential to the share price of the firms. In context of Nepal beyond firm specific factors,other various factors cause fluctuation of stock price. Substitute securities like bonds, real estate, insider trading, demographic factors, market liquidity, market sentiment and behavioral factors also have significant influence in share price as per the researcher’s study. These factors are found to be the key determinants of share price.

Conducting research in Dhaka Stock Exchange (DSE) Rahman, et al (2006) found the negative correlation between the beta and stock return, which is reason for inefficiency of market where the assumptions behind the CAPM model is not

supported.Wong, et al (2009) found that when limit hits are imminent stock prices approach limit bounds at faster rates and with increased volatility and higher trade efficiency. They also argued about asymmetry effects between limit hits at the ceiling and floor bounds.

While the question of whether stock markets promote growth has gained considerable attention in academic and policy discussions, there is little theoretical and empirical work on the determinants of stock market development in emerging markets. Calderon-Rossell (1991) developed a partial equilibrium model of stock market growth. This model, to date model represents the most comprehensive attempt to develop the foundation of a financial theory of stock market development. Recent works tend to focus on the role of financial liberalization in promoting stock market development. Mishkin (2001) argued that financial liberalization promotes transparency and accountability, reducing adverse selection and moral hazard. These improvements tend to reduce the cost of borrowing in stock markets which eventually increase the liquidity and the size of the stock market.Mainly earnings per share, price earnings ratioand firms size were found to be the significant factor that share investors consider while making the investment decision in share market; that finally leads to the change in stock price. But there are other external factors like inflation rates, interest rates, gross domestic product, return on assets, money supply, alternative investment options like real estate, substitute securities etc. are not much concerned in the sentiments of investors while making investment decision that influence stock price fluctuation. However, this research is motivated to reveal either there is significance influence of internal factors on stock price of firms or not. Moreover, this study is expected to answer:

i) What are the determinants of share price of selected commercial banks?
ii) Is there relationship between banks specific variables (dividend payout ratio, cash reserve ratio, earnings per share, firm size and price earnings ratio) and market price per share?
iii) Do bank specific variables (dividend payout ratio, cash reserve ratio, earnings per share, firm size and price earnings ratio) have effect on market price per share?

1.3Objectives of the Study

The major objective of the study is to analyze the determinants of market stock price in commercial banks in Nepal. The specific objectives of the study are as under;

i) Toidentify the determinants of share price of selected commercial banks.
ii) To examine the relationship between banks specific variables (dividend payout ratio, cash reserve ratio, earnings per share, firm size and price earnings ratio) and market price per share.
iii) To assess the banks specific variables (dividend payout ratio, cash reserve ratio, earnings per share, firm size and price earnings ratio) have an effect on market price per share.

1.4Research Hypothesis

The following hypotheses are to be tested under this study.

H1: There is significant relationship between dividend payout ratio and market share price.
H2: There is significant relationship between liquidity (cash reserve ratio) and market share price.
H3: There is significant relationship between earning per share and market share price.
H4: There is significant relationship between price earnings ratio and market share price.
H5: There is significant relationship between bank's size and market share price.

1.5Rationaleof the Study

A few number of the researches has yet been made on the core perspective of the determinants of the share price. Therefore, the present study will be of substantial importance for investors, planners, researchers, students and policy makers to meet their personal and organizational objectives. This study attempts to construct the relation of MPS of the Nepalese commercial banks to the major financial indicators like dividend payout ratio, cash reserve ratio, price earnings ratio, firm size and earning per share. The relation is hoped to show the status of Nepalese commercial

banks with respect to the determiners of share price. These findings may be helpful to the potential investors to make the better investment decision. Likewise, this thesis provides the information about the position of share price in share industry. Moreover, the industrial average regarding different financial indicators are helpful to compare with the individual banks. This information is expected to be helpful to the managers of the respective banks.

1.6Limitations of the Study

The study tried to explore the factors determining the stock price in Nepal stock exchange. Since, the study is conducted in limited time and budget, so it may not provide the cent percent accurate and reliable result. The lack of experience, limited time and budget is the main limitation. The other limitations of the study are presented below:

i) Limited financial and statistical tools have been used.
ii) The study includes only four commercial banks for the study. Therefore, the findings and conclusion obtained may not be applicable for other sectors of companies listed in NEPSE.
iii) Only the last ten years data has been taken for analyzing stock price determinants.
iv) The study is being based on secondary data, collected from the past trading data, so it may not give the cent percent accurate result.
v) The findings and concussions of this particular study does not for others commercial banks and financial institutions apart from four sampled banks.
vi) One of the independent variables dividend payout ratio is only concerned with bonus share in percentage.

1.7 Organization of the Study

There are five chapters in the proposed study. They are as follows:

Chapter I: Introduction, this part is the introductory chapter, which has covered background of the study, focus of the study, Statement of the problem, objectives of the study, significance of the study, limitation of the study etc.

Chapter II: Review of literature, this chapter has included conceptual framework i.e. theoretical analysis and review of related different studies. In this chapter, it has been attempted to show how this presented study is different from previous studies.

Chapter III: Research Methodology, this chapter has dealt with the research design, population and sample, sources of data, data collection & processing procedures.

Chapter IV: Results and Discussion, this chapter will describe the presentation of data, data analysis, interpretation, testing of hypothesis and major findings.

Chapter V: Summary and Conclusions, this chapter states the summary, conclusion of the whole study and recommendations. It alsooffers several avenues for future research. The exhibits and references are incorporated at the end of the study.

CHAPTER II
LITERATURE REVIEW

Review of literature means reviewing past studies which include the current knowledge including substantive findings, as well as theoretical and methodological contributions to a particular topic. It also includes the relevant propositions in the related area of the study so that all the past studies, their conclusions and deficiencies may be known, and further research can be conducted. A short glance of past studies in common stock and their determinants are presented in this chapter. Many studies have been conducted to find out the determinants of stock prices in different countries. Different studies carried over different time periods across different markets have given varying results. In the context of Nepalese financial market, no sufficient studies have been made in the area of stock market. However, some articles and journals which are related to stock market are consulted and reviewed.

2.1 Conceptual Review

The importance of the stock market as an investment vehicle for the investors is explained here. Very few people in Zimbabwe are aware that they can invest money on the stock market and reap some very lucrative returns through dividends and capital gains. For investors who invest on the market there is of course some risks that they have to live with, for example, the unexpected crashing of the stock market. According to McGregor (1989), companies usually borrow money from banks in order to meet their short-term cash requirements. However, when they need long-term finance, they may sell their ownership interests in the company by using common and preferred stocks. Moreover, they can also borrow from the public by selling bonds to meet their long-term capital requirements. Stocks exist to enable companies in need of long-term finance to sell pieces of their business as stocks (equity securities) in exchange for cash.

The selling of equity securities is the principal method of raising long-term capital other than the issuing bonds. The publicly held shares can be traded toother investors on the stock market and are in this case, known to be liquid. According to Stanlake (1993), company shares represent permanent loans and there are no rights

torepayment of such loans. He also noted that in the absence of some kind of stock exchange, securities such as these will be very illiquid and it would be very difficult to find buyers for them. Hence, the existence of the stock exchange solves this problem because it provides a market where holders of shares and long-term securities can always buy and sell them.

In principle, stock markets are expected to accelerate economic growth by providing a boost to domestic savings and increasing the quantity and the quality of investment. In particular, stock markets can encourage economic growth by providing an avenue for growing companies to raise capital at lower cost. In addition, companies in countries with developed stock markets are less dependent on bank financing, which can reduce the risk of a credit crunch.

The stock market is also expected to perform an ‘act of magic’ by permitting long term investment to be financed by funds provided by individuals, many of whom wish to make them available for only a very limited period, or who wish to be able to withdraw them at will (Baumol, 1965). Better savings mobilization may increase the savings rate. If efficient stock markets enable savings to be allocated to investment projects with higher returns, the rate of return to savers increases, making savings more attractive. As a result, more savings are channeled to the corporate sector.

Common Stock

The common stock is anownership share in a corporation. Common stock or an equity share is the ownership of a company that gives the owner the right to participate in electing the board of directors and voting on other matter brought before the stockholders, in proportion to the number of shares hold. It is a residual claim in the sense that creditors and preferred stockholders must be paid as scheduled before common stockholders can receive any payments. The holders of common stock are called shareholders or stockholders. Common stock is the permanent and vital source of capital since they do not have a maturity date. As a return to the contribution of shareholders investment, they are entitled to dividends. The amount or rate of dividend is fixed by the Board of Directors. In the case of bankruptcy, common stockholders are in principle entitled to any value remaining after all other claimants

have been satisfied. The great advantage of the corporate firm of organization is the limited liability of its owners.

Common stocks are generally “fully paid and non-assessable” meaning that common stock holders may lose their initial investment, but not more than the amount invested in common stock. That is, if the corporation fails to meet its obligations, the stockholders cannot be forced to give the corporation the funds that are needed to pay off the obligations. However, as result of such a failure, it is possible that the value of corporation’s share will be negligible. This outcome will result in the stockholders having lost an amount equal to the price paid to buy the shares. (Sharpe, Alexander and Bailey, 2000).

Operational Definitions

The operational delimitations consist of short description of undertaken variables in this study. The variables that have been considered are leverage i.e cash reserve ratio, price earnings ratio, dividend payout ratio, earning per share, firm size and market price per share.

Earnings per Share (EPS)

Earnings per share are the portion of a company’s profit allocated to each outstanding share of a common stock. Earnings per share serve as an indicator of a company’s profitability. A market prospect ratio measure the amount of net income earned per share of stock outstanding. The increasing earnings per share generally results in high market price.

Market Price (MPS)

Market price is the average price of the share derived from the financial year high and low has been considered as market price. The market price of stock fluctuates in every minute due to changes in buying and selling pressure. Due to these changes, it becomes difficult to decide which market price should be regressed as a measure of dependent variable.

The market price of the share gives the value of shares, and the value of the organization. The market price of shares is that the price in which the shares are

traded or the amount, which is paid by the buyer to the seller to purchase a stock. The market price of shares varies from one company to another. Since the common shareholders are the owner of the organizations and have least priority to claim in liquidation, the share price is highly volatile and very sensitive to the environmental factors. Therefore, the organization tries to maintain the favorable environment to maximize the share price in the stock market. On the other hand, the external environment forces are not within the control of the organization, but such forces highly affect the market price of shares. Therefore, the firm tries to adjust themselves according to the changing environmental forces, and such adjustments are intended to maximize the share price or the value of the firm.

Dividend Payout Ratio (DPR)

The dividend payout ratio provides an idea of how well earnings support the dividend payments. Dhanani (2005) found that dividend policy serves to enhance corporate market value. In fact, more mature companies tend to have a higher payout ratio. Conversely, it means that there is an inverse relation between payout ratio and share price changes.

Liquidity (CRR)

The Cash Reserve Ratio is also a liquidity ratio that represents the bank's short-term liquidity. It evaluates the bank's ability to meet its short-term obligations with its most liquid assets.

Price Earnings Ratio (PER)

P/E ratio is the ratio for valuing a company that measures its current share price relative to its per-share earnings. It is also sometimes known as the price multiple or the earnings multiple. The P/E ratio indicates how much amount an investor can expect to invest in a company to receive one rupee of that company's earnings.

Size (S)

Size of the firm can be measured in many ways, for example, through turnover, paid-up capital, capital employed, total assets, net sales, market capitalization, etc. In the

present study bank size is measured by total paid up capital value during the closing of financial year of banks.

Adedeji (1998) there is a negative relationship between investment and dividend payout ratio. The larger the size of the company the more dividends will be paid and vice versa. Based on the explanation above, it can be concluded that the higher the investment of the company, the greater the external finance or leverage needed and the smaller the dividends distributed and vice versa. This is accomplished because internal equity funds are insufficient to finance investments so that additional funds need to be made from external finance, especially from the leverage. Another consequence is that the higher the investment, the more profit that is internal equity will be used to fund investment. Consequently, smaller dividends are distributed and vice versa. Funding policies are associated with leverage or external finance must be made as detailed as possible because the decision of leverage will have an impact on the value of the company (Megginson, 1997). The tradeoff theory model explains the use of debt at a certain level will increase firm value. But after passing the maximum point, adding debt will reduce the value of the company. The decrease in the value of the company is caused by the profit from using debt is less than or not proportional to the increase in the cost of financial distress and agency problems (Megginson, 1997).

ROA is a ratio that measures the ability of a company's assets to generate profits. The higher the ROA value is, the higher the company's ability is to generate profits. Improving company performance as indicated by ROA can be used as a positive signal for the company's performance in the future. Therefore, an increase in ROA will affect the increase in stock prices (Purnamawati, 2016). With assuming that the company's performance shows good company performance, so the company's stock price will increase.

Increased EPS indicates that the company has succeeded in increasing the level of investor prosperity. This encourages investors to increase the amount of capital invested in the company's shares. An increase in the number of requests for stocks has pushed up share prices (Idawati & Wahyudi, 2015). Thus, if EPS increases, the market will respond positively by following the increase in stock prices.

DER is a ratio that measures the level of leverage against equity owned by a company. A high DER signifies a high proportion of the company's asset funding through debt. The high level of debt can cause the increase of company's interest expense and it results in a decrease in the level of profit. Therefore, the high value of DER can be a negative signal for the company's performance and a decrease in investor interest in the stock which will cause decreasing of the stock price (Ghi & Ba, 2015).

As with conventional stock price movements, Islamic stock prices are also not much different (Setiawan &Oktariza, 2013). Share prices can be influenced by various factors both from the internal side of the company such as fundamental factors and external factors such as the company's macroeconomic factors. Several studies have been conducted in this regard, in terms of fundamental factors, the results are found that earning per Share (EPS), Return on Assets (ROA) and Debt to Equity Ratio (DER) affect stock prices (Manoppo, 2015). However, some other studies have different results where EPS, ROA and DER have no effect on stock prices (Anita and Yadav, 2014).

2.2 Theoretical Review

2.2.1 Efficient Market Hypothesis (1970)

The literature of economics and finance includes three major types of theories for describing stock market performance: classical, behavioral, and the efficient capital market (Cho, 1980). According to classical economic theory, market behavior can be analyzed in terms of the intersection of demand and supply schedules and the stability of this intersection at equilibrium. The mechanism by which this equilibrium is reached is represented by some form of Walrasian process which permits prices to respond to excess demand through a contracting device that allows exchanges tooccur only when equilibrium is reached (Negishi, 1962). One consequence of this theory is that all changes in price are the result of shifts in either the demand or the supply schedule, or both. Concurrently, any such movement in price is stated as a series of actual prices over time, thus representing a sequence of equilibrium positions. The second approach to understanding stock price movements is the behavioral theory of the market which tries to explain and predict observable decision-making. This theory

represents decision makers by a set of decision processes which act on, as well as react to, information already available or which may be procured from the environment. Hence, all behavior is a response by some describable decision processes to an ascertainable body of information (Clarkson, 1964). The efficient capital market theory has achieved the greatest prominence among the approaches to understanding stock behavior. Efforts characterize this theory to explain stock price movements through the use of statistical time series models. Fama (1970) defines an efficient capital market as a market in which prices always fully reflect available information." The efficient markets hypothesis (EMH), popularly known as the Random Walk Theory, is the proposition that current stock prices fully reflect available information about the value of the firm, and there is no way to earn excess profits, (more than the market overall), by using this information. It deals with one of the most fundamental and exciting issues in finance-why prices change in security markets and how those changes take place. It has very important implications for investors as well as for financial managers. The first time the term "efficient market" was in a 1965 paper by E.F. Fama who said that in an efficient market, on the average, competition will cause the full effects of new information on intrinsic values to be reflected "instantaneously" in actual prices.

2.2.2 EMH and Expected Return

Efficient markets hypothesis (EMH) asserts that in an efficient market price fully reflect available information. This implies that investor can expect to earn a merely risk-adjusted return from an investment as prices move instantaneously and randomly to any new information. Efficiency is defined at three different levels, according to the level of information reflected in the prices. Three levels of EMH are expressed as follows: weak form, semi-strong and strong form. Weak-form version of EMH asserts that prices of financial assets reflect all information contained in the past prices. Semi-strong version postulates that prices reflect all the publicly available information. Lastly, strong form posits that prices of financial assets reflect, in addition to information on past prices and publicly available information, inside information (Fama, 1970). As EMH states that security prices should fully reflect all available, relevant information, then deviations of actual returns from expected returns should be random they ought, on average, to be zero and uncorrelated with information

available to the market. (Tease, 1993) Stock market acts as an intermediary and channels funds from savers tofirms who utilize it to carry out projects. Efficient markets are a prerequisite if it is desired that funds should be allocated to the highest-valued projects. This is possible only if stock prices are efficiently priced i.e. reflect the fundamental value of future discounted cash flows. Also, to the extent that capital markets are efficient, it is easier for the firm to raise capital as the market performs the price discovery process i.e. it determines the price at which market players are willing to exchange claims on firm's future cash flows. (Hameed&Hammad, 2006) Furthermore, if the general perception prevailing in the market is that prices accurately reflect information, participations cost will be low and the stock market will successfully perform its function of channeling resources to productive projects. From a policy perspective, evidence of capital market efficiency spells out a limited role of the government in the capital markets.

2.2.3 Arbitrage Pricing Theory (1976)

There are two versions of the APT: factor loading model and macro variable model. Factor loading model uses artificial variables created through the factor analysis technique. While macro variable model uses macroeconomic variables based on the economically interpretable effect on stock prices (Erdugan, 2012). Ross (1976) developed the APT and Roll and Ross (1995) provided a more intuitive explanation of the APT and discussed its merits for portfolio management. The APT is an alternative approach to the CAPM that has become the major analytic tool for explaining the phenomena observed in capital markets. The APT is an alternative asset-pricing model to the CAPM differing in its assumptions and explanation of risk factors associated with the risk of an asset. The CAPM specifies returns as a linear function of only systematic risk. The APT specifies returns as a linear function of more than a single factor. It predicts a relationship between the returns of portfolio and the returns of a single asset through a linear combination of variables. The APT approach moved away from the risk versus return logic of the CAPM and exploited the notion of "pricing by arbitrage" to its fullest possible extent. As Ross (1976) has noted, arbitrage-theoretic reasoning is not unique to his particular theory but is in fact the underlying logic and methodology of virtually all of finance theory. There are many multifactor assets pricing models developed in the literature. According to Sinclair

(1984), all of the multifactor asset pricing models developed in the literature can be treated as special theoretical cases of the APT.

2.3 Review of Previous Studies

Balkrishna (1984) found that the book value per share and dividend per share as most significant determinants of market price in both the industries. Yield also emerged as a significant determinant of stock price associated negatively in cotton textile industry.

Mukherjee and Naka (1995) have investigated the relation between Tokyo stock prices and six macroeconomic variables and show that the relationship between stock prices, the exchange rate, money supply, and industrial production is positive, whereas the relationship between stock prices and inflation and interest rates is mixed.

Irfan and Nishat (2002) have used simple regression model toobserve the price changes. The empirical findings revealed that that prime key fundamental factors had no significant influence on the share price deviation in Pakistan.

Besides, Sen and Ray (2003) showed the empirical study revealed dividend payout was an important factor affecting stock prices. Further, they found earning per share has a very weak impact on the share prices. The study explored one of the crucial factor dividend payout ratios having impact on Indian stock price.

Dimitrios andTsoukalas (2003) examined Granger causality between stock return and the predictor variables (industrial production, the consumer price index, the money supply, and exchange rates). His findings showed that the strong evidence of predictability (which implies inefficiency) in stock return, which is also parallel to the developed stock market's pattern.

Corwin (2003) found many factors both micro and macro-economics, have impact on equity pricing in the stock market, the impact differs from firm to firm, industry to industry, economy to economy and from time to time, but one comforting conclusion is that most of the factors appear to have the same behavior regardless of time, industry or firm constraints. For instance, increased inflation and interest rates,

declining dividends, earnings, and poor management leave negative impact on equity pricing and vice-versa.

Al-Deehani (2005) showed that variables previous earnings per share, cash dividends per share, previous cash dividends per share, return on equity, price to book value ratio, previous cash flow per share and cash flow per share are all highly correlated with the share price.

Sharma and Singh (2006) found that earnings per share, price-earnings ratio, dividend per share, dividend coverage, dividend payout, book value per share, and firm size are the determinants of share prices.

Baral et al. (2006) found that there is a large variation in their stock prices in the fiscal year 2005/06 which shows that banks are not doing well in Nepalese stock market. Also looking on the serial coefficients it can be stated that the values are significantly deviated from zero and statistically insignificant. It signifies that the successive price changes are dependent.

Dangol (2008) studied the reaction of Nepalese stock market to announcements of unanticipated political events using the event analysis methodology. The analysis found that the good-news (bad news) political announcements generated positive (negative) abnormal returns in the post-event period. This finding suggested a strong linkage between political uncertainty and common stock returns in Nepal.

Wong et al (2009) found that when limit hits are imminent stock prices approach limit bounds at faster rates & with increased volatility and higher trade efficiency. They also argued about asymmetry effects between limit hits at the ceiling and floor bounds.

Somoye et al. (2009) employed simple linear regression model to examine the impact of earning per share, GDP, interest rate, dividend per share and oil price on equity price. The empirical results showed the variable dividend per share, earning per share and GDP exerts a positive correlation to stock prices but are not significant determinants of share price.

Shubiri and Faris (2010) found highly positive significant relationship between market price of stock and net asset value per share; market price of stock dividend percentage, gross domestic product, and negative significant relationship on inflation and lending interest rate but not always significant on some years of Amman Stock Exchange in Jordan.

Pradhan et al. (2010) showed that the random walk hypothesis is true for less frequently traded stocks and the same was not consistent with the prices of highly traded stocks. The study result also indicate that the random walk hypothesis is true for less frequently traded stocks and the same is not consistent with the prices of highly traded stocks.

Dangol (2010) revealed that the random walk hypothesis for NEPSE index is rejected during the period of analysis. The Nepalese stock market is inefficient in daily returns series suggesting that past movements in stock prices can be used to predict their future movements.

Nirmala and Sanju (2011) showed that dividend per share and price earnings ratio are influenced positively to share price of all three sectors. The results further indicated that debt equity ratio is a significant factor influencing share prices for all the three sectors and that it exerts a negative relation with share price.

Sharma (2011) revealed that earning per share, dividend per share and book value per share has significant impact on the equity price of different industry groups in India.

Bajracharya and Koirala (2012) concluded that management of the companies and the attitude of the board of directors and intermediaries affected the situation. These actors of financial market were loosely tied together from legal provision and not effectively implemented. The dominance of financial institutions in the market, problems with the corporate governance, transparency and disclosure were some of the issues to prevailed unfavorable situation in the security market.

Kadariya (2012) found through the primary data analysis that the number of educated investors had increased in the recent period. The stock market attracted younger investors that had their own skills and analytical power to investment decision. The research showed that the influencing factors were media and friends and the focus

was on capital gain rather than the usual cash dividends. The common and popular methods used for investment was through informal talks, market noise, media rather than financial position analysis.

Poudyal (2012) revealed that the growth rate analysis as a stand-alone was not adequate for the analysis of share prices behavior and did not represent the bank's performance in the secondary market. With the good record of accomplishmentof the financial position, the market potential investors bought the shares of joint venture commercial banks. The shares of the joint venture commercial banks thus emerged as blue chip in Nepalese stock market. Therefore, even a risk averter could go for making an investment in the shares of these banks.

Khan and Amanullah (2012) showed that all the selected variable have positive and significant relationship with share price except interest rate and book to market ratio.

Ariff et al. (2012) documented that liquidity has positive effect from money supply and after the controlling the effects of earnings, evidence was found of a significant positive effect from liquidity on share price.

Malhotra and Tandon (2013) indicated that firms' book value, earning per share, and price-earnings ratio are having a significant positive association with firm's stock price while is having a significant inverse association with the market price of the firm's stock.

Almumani (2014) dealt with fundamental analysis of share valuation by using correlation, regression, ratio which revealed that variables earning per share, book value per share, price earnings ratio, and size are significant determinants of stock price.

Bhattarai (2014) reveled that earnings per share and price-earnings ratio have the significant positive association with share price while showed the significant inverse association with share price of the bank. The study concluded that dividend per share, earning per share and price-earnings ratio are the major determinants share price of Nepalese commercial banks.

Narayan (2014) revealed that industrial production and real exchange rate have statistically significant positive effects on stock prices of the thirteen major Indian commercial banks, whereas the short-term interest rate has a statistically negative effect on stock price. The results revealed that industrial production as by far the strongest determinant of stock prices, since the three determinants (industrial production, exchange rate, and interest rate). Stock prices responded to industrial production in the magnitude effects on stock prices and both nominal factors (monetary policy) and real factors were found as the crucial for the behavior of stock prices of Indian Commercial banks.

Shrestha (2014)obtained from OLS estimations of behavioral equations disclosed that the performance of stock market is found to respond positively to inflation and broad money growth, and negatively to interest rate.

Islam et al. (2015) found that both dividend and retained earnings of sample banks have strong influence over the stock price, though there was moderate explanatory power of those variables. This study concludes that both dividend and retained earnings are strong determinants of stock price at significant level.

Adekunle, Agbadudu and Ammeh (2015) found that earnings per share and inflation rate significantly influence share price behavior in Nigerian insurance industry. However, return on assets and gross domestic products were not significant in predicting the prices of share in the industry. It is recommended that investors in the insurance industry should be guided by industry financial ratios, especially the profitability measures of earnings per share (EPS). In addition, economic policy makers should formulate and implement policies that would improve general income level as well as control the general price level.

Lama (2016) showed that there is positive relationship of market price per share with size, earnings per share, dividend per share, return on assets, money supply, inflation and gross domestic product. It indicates that an increase in size, earnings per share, dividend per share, return on assets, money supply, inflation and gross domestic product leads to an increase in the market price per share. However, the beta coefficient is insignificant for inflation at 5 percent level of significance. Similarly, the result states that there is negative relationship of market price per share with

interest rate which reveals that higher the interest rate, lower would be the market price of share.

Pradhan and Dahal (2016) revealed earning price per share, dividend per share, price earnings ratio, book value per share, return on assets and size as major determinants of stock price in context of commercial banks in Nepal.

Neupane (2016) examines the impact of firm specific variable on stock price of Nepaleseenterprise. Market price per share and price earnings ratios are selected as dependentvariable for this study. Earnings per share, profitability, market to book value, and totaldebt to total assets, total assets, cash flows and dividend payout ratio are the independentvariables. The data are collected from the annual reports of the firms and Banking andFinancial Statistics published by Nepal Rastra Bank. In addition to these, website ofselectedbanksandnon-banksandNepalRastraBank,differentpublishedarticles,reports,books and magazines were also analyzed. The regression models are applied to test thefactorsaffectingsharepriceof banksand non-banks in Nepal and found that there were positive and significant relationship between market price per share and price earnings ratio.

Sapkota and Pradhan (2016) have asserted that there is positive relationship of market prices per share with Return on assets (ROA), earnings per shares (EPS), dividend per shares (DPS), prices earnings ratio (P/E Ratio) and GDP growth rate (GDPR). It indicates that an increase in return on assets (ROA), earnings per shares (EPS), dividend per shares (DPS), prices earnings ratio (P/E Ratio) and GDP growth rate (GDPR) leads to an increase in market prices per share. Similarly, it states that there is negative relationship of market price per share with leverage, inflation and interest rate which reveal that an increase in leverage decreases in market price per share in Nepalese commercial banks.

Al Qaisi, Tahtamouni and AL-Qudah (2016) found that there is an effect between (ROA, Debt Ratio, Age of the Company, and the Size of the Company) and market stock price in insurance companies listed in Amman stock exchange. Moreover, the results found that there is no effect between ROE and market stock price in these insurance companies.

Aveh and Awunyo-Vitor (2017) contributed to the ongoing debate on the firm-specific factors influencing share price in an emerging market with particular reference to Ghana Stock Exchange. It is recommended that the Directors of the firms listed on the Ghana Stock Exchange introduce policies which would have a positive impact on their return on equity and earnings per share to significantly influence their stock prices positively.

Akbar and Afiezan (2018) study results were fundamental factors such as Earning per Share (EPS), Return on Assets (ROA), Debt to Equity Ratio (DER) and Exchange Rate significantly influences stock prices. On the other hand, the interest rate has no significant effect on stock prices. The model studied shows that the influence of independent variables on the dependent variable is high, namely 73.4%. It means other factors that can affect stock prices outside the variables studied are worth 26.6%.

Yuniningsih, Pertiwi and Purwanto (2019) show that investment affects leverage but dividends do not affect leverage. The investment equation shows the results of both leverage and dividend variables would not affect investment decision. Dividend equation also shows that leverage and investment variables also do not affect dividends. Moreover, the results of the company value equation show that the leverage variable would not affect the value of the company. But investment and dividend variables affect the value of the company. The conclusion of this study is that there was a mutually influential relationship between the three variables of financial management before influencing company value.

Dewasiri and Banda (2019) analyzed the relationship between dividend policy and stock price volatility in the Sri Lankan context. The model revealed a significant negative impact from dividend payout, a significant positive impact from company size and no evidence of significant impact from dividend yield on share price volatility. Furthermore, tests revealed that there was no short-term impact from dividend payout on stock price volatility and it showed that a feedback exists between company size and stock price volatility. It also revealed that a unidirectional causality exists from dividend yield to stock price volatility in any lag level.

Mirza (2020), commercial banks exhibit distinctive dynamics that are priced in their stock returns. This paper evaluates conventional asset pricing models using an exchange rate adjusted portfolio of banking firms from fourteen European countries and proposes a banking specific risk factor. Our findings suggest that credit quality premium is systematic in nature. Hence, investors demand incremental risk premium for investing in banking stocks with lower credit quality. We also note that the credit quality premium is more significant for banks that are smaller. We conclude that the variation in stock returns for banking firms is better explained by an asset-pricing framework augmented for credit quality as compared to conventional pricing propositions. These findings have considerable implications for portfolio management and pricing of banking equities, notably in an international context.

Huy, Loan, and Anh (2020), fluctuation of stock price in commercial banks in developing countries such as Vietnam will reflect the business health of bank system and the whole economy. Good business management requires us to consider the impacts of multi macro factors on stock price, and it contributes to promoting business plan, financial risk management and economic policies for economic growth and stabilizing macroeconomic factors. The article analyzed and evaluated the impacts of seven (7) macroeconomic factors on stock price of a joint stock commercial bank Vietcombank (VCB) in Vietnam in the period of 2014-2019, both positive and negative sides. The results of quantitative research, in a seven-factor model, show that the increase in GDP growth and lending rate and risk-free rate has a significant effect on increasing VCB stock price with the highest impact coefficient, the second is decreasing the exchange rate, finally is a slight decrease in S&P500. This research finding and recommended policy also can be used as reference in policy for commercial bank system in many developing countries.

Table 1: Literature Matrix

Studies	Major Findings
Balkrishna (1984)	The relationship between explanatory variables namely dividend per share, earning per share, book value of share, yield, cover and market price of share.
Mukherjee and Naka (1995)	The relation between Tokyo stock prices and six macroeconomic variables and show that the relationship between stock prices.

Irfan and Nishat (2002)	The empirical findings revealed that that prime key fundamental factors had no significant influence on the share price deviation in Pakistan.
Besides, Sen and Ray (2003)	The study explored one of the crucial factor dividend payout ratios having impact on Indian stock price.
Dimitrios & Tsoukalas (2003)	The strong evidence of predictability (which implies inefficiency) in stock return, which is also parallel to the developed stock market's pattern.
Corwin (2003)	Increased inflation and interest rates, declining dividends, earnings, and poor management leave negative impact on equity pricing and vice-versa.
Al-Deehani (2005)	Variables previous earnings per share, cash dividends per share, previous cash dividends per share, return on equity, price to book value ratio, previous cash flow per share and cash flow per share are all highly correlated with the share price.
Sharma and Singh (2006)	Earnings per share, price-earnings ratio, dividend per share, dividend coverage, dividend payout, book value per share, and firm size are the determinants of share prices.
Baral et al. (2006)	The values are significantly deviated from zero and statistically insignificant. It signifies that the successive price changes are dependent.
Wong, et al (2009)	When limit hits are imminent stock prices approach limit bounds at faster rates & with increased volatility and higher trade efficiency.
Dangol (2008)	The analysis found that the good-news (bad news) political announcements generated positive (negative) abnormal returns in the post-event period. This finding suggested a strong linkage between political uncertainty and common stock returns in Nepal.
Somoye et al. (2009)	The empirical results showed the variable dividend per share, earning per share and GDP exerts a positive correlation to stock prices but are not significant determinants of share price.
Shubiri and Faris (2010)	Highly positive significant relationship between market price of stock and net asset value per share.
Pradhan et al. (2010)	The random walk hypothesis is true for less frequently traded stocks and the same is not consistent with the prices

	of highly traded stocks.
Dangol (2010)	The Nepalese stock market is inefficient in daily returns series suggesting that past movements in stock prices can be used to predict their future movements.
Nirmala and Sanju (2011)	Dividend per share and price earnings ratio are influenced positively to share price of all three sectors.
Sharma (2011)	Earnings per share, dividend per share and book value per share has significant impact on the equity price of different industry groups in India.
Khan & Amanullah (2012)	All the selected variable has positive and significant relationship with share price except interest rate and book to market ratio.
Ariff et al. (2012)	Liquidity has positive effect from money supply and after the controlling the effects of earnings, evidence was found of a significant positive effect from liquidity on share price.
Kadariya (2012)	The research showed that the influencing factors were media and friends and the focus was on capital gain rather than the usual cash dividends. The common and popular methods used for investment was through informal talks, market noise, media rather than financial position analysis.
Poudyal (2012)	Revealed that the growth rate analysis as a stand-alone was not adequate for the analysis of share prices behavior and did not represent the bank's performance in the secondary market. With the good record of accomplishmentof the financial position, the market potential investors bought the shares of joint venture commercial banks.
Bajracharya and Koirala (2012)	Concluded that management of the companies and the attitude of the board of directors and intermediaries affected the situation. These actors of financial market were loosely tied together from legal provision and not effectively implemented.
Malhotra and Tandon (2013)	Firms' book value, earning per share, and price-earnings ratio are having a significant positive association with firm's stock price.
Narayan (2014)	It is revealed that industrial production and real exchange

	rate have statistically significant positive effects on stock prices of the thirteen major Indian commercial banks, whereas the short-term interest rate has a statistically negative effect on stock price. The results revealed that industrial production as by far the strongest determinant of stock prices, since the three determinants (industrial production, exchange rate, and interest rate).
Almumani (2014)	Earnings per share, book value per share, price earnings ratio, and size are significant determinants of stock price.
Bhattarai (2014)	and price-earnings ratio have the significant positive association with share price.
Shrestha (2014)	The performance of stock market is found to respond positively to inflation and broad money growth, and negatively to interest rate.
Islam et al. (2015)	Both dividend and retained earnings of sample banks have strong influence over the stock price.
Adekunle, Agbadudu and Ammeh (2015)	Return on assets and gross domestic products were not significant in predicting the prices of share
Lama (2016)	There is positive relationship of market price per share with size, earnings per share, dividend per share, return on assets, money supply, inflation and gross domestic product.
Neupane (2016)	The regression models are applied to test thefactorsaffectingsharepriceof banksand non-banks in Nepal and found that there were positive and significant relationship between market price per share and price earnings ratio.
Pradhan and Dahal (2016)	Earnings price per share, dividend per share, price earnings ratio, book value per share, return on assets and size as major determinants of stock price
Sapkota and Pradhan (2016)	There is positive relationship of market prices per share with Return on assets (ROA), dividend per shares (DPS) and Prices earnings ratio (P/E Ratio).
Al Qaisi, Tahtamouni, & AL-Qudah (2016)	There is an effect between ROA, Size of the Company and market stock price.
Aveh and Awunyo-Vitor (2017)	The positive impact on their return on equity and earnings per share to significantly influence their stock prices positively.

Akbar and Afiezan (2018)	Fundamental factors such as Earning per Share (EPS), Return on Assets (ROA), Debt to Equity Ratio (DER) and Exchange Rate significantly influences stock prices. On the other hand, the interest rate has no significant effect on stock prices. The model studied shows that the influence of independent variables on the dependent variable is high, namely 73.4%. It means other factors that can affect stock prices outside the variables studied are worth 26.6%.
Dewasiri and Banda (2019)	It is revealed that there was no short-term impact from dividend payout on stock price volatility and it showed that a feedback exists between company size and stock price volatility. It also revealed that a unidirectional causality exists from dividend yield to stock price volatility in any lag level.
Yuniningsih, Pertiwi and Purwanto (2019)	Investment affects leverage but dividends do not affect leverage. The investment equation shows the results of both leverage and dividend variables would not affect investment decision. Dividend equation also shows that leverage and investment variables also do not affect dividends.
Mirza (2020)	Variation in stock returns for banking firms is better explained by an asset-pricing framework augmented for credit quality as compared to conventional pricing propositions. These findings have considerable implications for portfolio management and pricing of banking equities, notably in an international context.
Huy, Loan, and Anh (2020)	This research finding and recommended policy also can be used as reference in policy for commercial bank system in many developing countries.

Review of Previous Studies: Nepalese Context

Baral et al. (2006) has conducted by the authors focuses to analyze the stock price behavior of commercial banks in Nepalese markets. To conduct the study the technical analysis and fundamental analysis is used. The study done by authors reveals that the observations of daily stock prices of sampled banks indicate that there is a large variation in their stock prices in the fiscal year 2005/06 which shows that banks are not doing well in Nepalese stock market. Also looking on the serial

coefficients it can be stated that the values are significantly deviated from zero and statistically insignificant. It signifies that the successive price changes are dependent.

Bhattarai (2014) researched on determinants of share price of commercial banks listed on the Nepal Stock Exchange over the period of 2006 to 2014. This study has adopted descriptive as well as causal comparative research design i.e. correlation and regression analysis by taking sample size of nine commercial banks from population of all bank listed on NEPSE using convenient sampling method for the study. To conduct this study, researcher has taken dividend payout ratio, dividend yield, earning per share, P/E ratio, and size as independent variables. The finding of this study revealed that earning per share and price-earnings ratio have the significant positive association with share price while dividend yield showed the significant inverse association with share price of the bank. The study concluded that dividend yield, earning per share and price-earnings ratio are the major determinants of share price of Nepalese commercial banks.

Shrestha (2014) has observed the determinants of the stock market performance in Nepal using monthly data for the period of mid-August 2000 to mid-July 2014. In the study, the impact of major changes in politics and Nepal Rastra Bank's policy on lending against share collateral has also been assessed. Empirical results obtained from OLS estimations of behavioral equations disclosed that the performance of stock market is found to respond positively to inflation and broad money growth, and negatively to interest rate.

Lama (2016) has examined the effect of firm specific and macroeconomic variables on stock price of Nepalese commercial banks. Market price per share, stock return and excess return are dependent variables. Earnings per share, dividend per share, size, return on asset, money supply, gross domestic product, inflation and interest rate are the independent variables. The data are collected from the annual report of selected commercial banks and supervision report published by Nepal Rastra Bank. The study is based on 126 observations from 18 commercial banks in Nepal. The regression models are estimated to test the effect of firm specific and macro-economic variables on stock price of Nepalese commercial banks. The result shows that there is positive relationship of market price per share with size, earnings per share, dividend per share, return on assets, money supply, inflation and gross domestic product. It indicates that an increase in size, earnings per share, dividend per share, return on

assets, money supply, inflation and gross domestic product leads to an increase in the market price per share. However, the beta coefficient is insignificant for inflation at 5 percent level of significance. Similarly, the result states that there is negative relationship of market price per share with interest rate which reveals that higher the interest rate, lower would be the market price of share.

Pradhan and Dahal (2016) have examined the factors affecting the share price of Nepalese commercial banks listed on NEPSE. A sample size of 14 banks listed in NEPSE was selected for the period 2002/03 to 2013/14. The multiple regression model was estimated to test the impact of selected variables on stock price which revealed earning price per share, dividend per share, price earnings ratio, book value per share, return on assets and size as major determinants of stock price in context of commercial banks in Nepal.

Sapkota and Pradhan (2016) assert that there is positive relationship of market prices per share with return on assets (ROA), earnings per shares (EPS), dividend per shares (DPS), prices earnings ratio (P/E Ratio) and GDP growth rate (GDPR). It indicates that an increase in return on assets (ROA), earnings per shares (EPS), dividend per shares (DPS), prices earnings ratio (P/E Ratio) and GDP growth rate (GDPR) leads to an increase in market prices per share. Similarly, it states that there is negative relationship of market price per share with leverage, inflation and interest rate which reveal that an increase in leverage decreases in market price per share in Nepalese commercial banks.

Ghimire and Mishra (2018) aim of this study is to determine the relationship between stock price and explanatory variables like DPS, EPS, P-E ratio, BV, Market to BV for the period 2012 to 2017. Using simple and multiple regression analysis and descriptive statistics, this study investigates the factor affecting the stock price. With the sample size of 11 financial and nonfinancial firmsof Nepal, the result indicates that the variables Market to BV, P-E ratio are the significant determinants of stock price which directly affect the stock price. Likewise, DPS, BV also have significance positive influence on stock price whereas EPS has minimum influence on the stock price.

Wagle (2020), equity share investment is one of the key investment paths that provide significant returns for investors but, unusual stock price instability makes confusion

for them, as well as troubles for policymakers and the government authorities. This study aims to identify the empirical variables that influence the stock market price in commercial banks for 2015/16 to 2019/20 using a set of dependent and independent variables. The study is based on 130 observations from 26 commercial banks (out of 27) in Nepal using a secondary source and the information obtained from annual reports. The descriptive and causal-comparative research design was employed. For that, mean, standard deviation, correlation and regression analysis techniques have been used. The results revealed that Market to Book proportion (M/B), Price-earnings proportion (P/E) and Earning Yield proportion (E/Y) have a significant positive association with the stock market price. In contrast, the Dividend Yield proportion (D/Y) has a positive but insignificant impact on the stock market price. The finding of this study is valuable to the curious investors, concerned bankers, academicians and government authorities, which help them to more about the stock market's returns and likelihood in the country

2.4Research Gap

During the review of previous studies such as Pradhan and Dahal (2016) and Wagle (2020) found that no researcher has taken the low priced commercial bank stock as a sample for the study, which the researcher has selected as sample in this research. Therefore, it is believed that this study will fulfill the gap, which had been made by the earlier researcher. Researcher has taken sample from only the A grade commercial banks, which also could predict the sensitive stock market moment as well. Moreover, to analyze the most influencing factor affecting the share price, investor's view will provide the most fruitful result. Hence, the researcher has taken individual investors as primary sources of information.

The determinants of stock prices are often a matter of debate. Economists and financial market participants hold different views as far as the pricing of an asset is concerned. In an efficient market, stock prices would be determined primarily by fundamental factors such as earning per share, dividend per share, payout ratio, size of the firm and dividend yield, management, diversification, etc. (Srinivasan, 2012). However, in this particular study the variables such as S, EPS, DPS, P/E ratio, CRR along with market price have only been employed without considering macroeconomics variables unlike others researcher which is an obvious gap.

CHAPTER III
RESEARCH METHODOLOGY

3.1 Research Design

Research Design is the plan, structure and strategy of investigation conceived toobtain answers to research questions and to control variances. This study based on descriptive and causal comparative research design for fact-finding and comparative analysis of data. This study also will be based on recent historical data. Mostly, secondary data and information to be collected, evaluated, verified and synthesized to reach a conclusion. To achieve the objective of this study descriptive data different journals and articles relevant with the study, annual reports of different fiscal years of concerned banks, NRB Directives; banking and financial statistics reports published by NRB and other related material are collected and studied.

3.2 Population and Sample

There are altogether 27 commercial banks functioning all over the country during the research period, which are taken as a population of this study. Among them, this study comprises only four commercial banks which have selectedon the basis of purposive sampling technique to in order to satisfy purpose of the study. The sampled banks are namely; Everest Bank Limited, Himalayan Bank Limited, Agricultural Development Bank Limited and Global IME Bank Limited.

Table 2: List of Sampled Banks with Numberof Observations.

SN	Name of Commercial Banks	Abbreviations	Sample Period	No. of Observations
1	Everest Bank Limited	EBL	2010/11-2019/20	10
2	Himalayan Bank Limited	HBL	2010/11-2019/20	10
3	Agricultural Development Bank Limited	ADBL	2010/11-2019/20	10
4	Global IME Bank Limited	GIME	2010/11-2019/20	10
			Total No. of Observations	40

Sampling Technique

In this particular study, four sampled banks such as Everest, Himalayan, Agricultural Development Bank Limited and Global IME Bank have been selected on the basis of purposivesampling techniques to in order to satisfy purpose of the study along with providing effective issues raised in the particular study.

3.3 Types and Source of Data

This study is mainly based on secondary data. Secondary data are collected from respective annual report. Similarly, articles, journals, bank bulletins, newspaper related to financial performance study, previous research report etc. have also been taken into account while collecting information.

3.4 Collection of Data

This section deals with statistical and econometric models used for the purpose of analysis of secondary data. Descriptive, co-relation and regression methods of analysis are used in the study. The descriptive statistics contains mean, standard deviation, minimum and maximum values of variables which used to explain the characteristics of sample firms. The correlation analysis is used to measure the direction and magnitude of relationship between dependent and independent variables. The regression analysis is used to find out the influence of independent variable over dependent variable solely and combined with other variables. It explains the different statistical tests of significance for validation of model like p-test, F-test, detection of and linear regression analysis. All models are tested for individual effects by running F-test using statistical package for social science (SPSS). Details analysis of models and statistical test of significance have been dealt in the following sections.

3.5 Tools Used

Mainly financial methods are applied for the purpose of this study. Appropriate statistical tools are also used. Among them correlation analysis regarded as major one is used for this research. To make the study more specific and reliable, the researcher uses twotypesof tool for analysis:

i) Financial Tools

ii) Statistical Tools

3.5.1 Financial tools

Financial tools are used to examine the financial strength and weakness of the bank. In this study, following financial tools are used:

Table 3: List of Variables with Formulae

Variables	Notion	Measure
Dependent variables		
Market Price per Share	MPS	Market price= Closing price i.e. Market Value per Share
Independent variables		
Dividend Payout Ratio	DPR	Dividend per share/Earnings per share
Price Earnings Ratio	PER	Market price/Earnings per Share
Liquidity (Cash Reserve Ratio)	CRR	(Cash + accounts receivables + marketable securities)/Total Current Liabilities
Earnings per share	EPS	Net income/Total no. of outstanding shares
Firm Size	S	Total assets in percentage

3.5.2 Statistical Tools

Descriptive Statistical Tools

Descriptive statistical tools help to find out the trend of financial position of the sample banks. It also analyzes the relationship between variables and helps banks to take appropriate decisions regarding the fulfillment of organization goals. Descriptive analytical tools such as Percentage, Mean (arithmetic), variance and standard deviation have been used in this research.

A) Average/ Mean

Arithmetic mean of a given set of observations is their sum divided by the number of observations. In general, if X_1, X_2.....X_n are the given N observations, then their arithmetic mean, denoted by $\overline{X}$ is given by,

$$\overline{X} = \frac{x_1 + x_2 + ... + x_n}{N} = \frac{\sum x}{N}$$

Where, $\sum X$ = Sum of the observations, and N = Number of Years

B) Standard Deviation

Standard deviation is the square root of the sum of the squares of the deviations measured from the mean. Thus, in the calculation of standard deviation, first the arithmetic average is calculated and the deviation of various items from the arithmetic average are squared. The squared deviations are totaled and the sum is divided by the number of items. The square root of the resulting figure is the standard deviation of the series (Elhance & Agarwal, 2000). The standard deviation is conventionally represented by the Greek letter sigma. If X1, X2… Xn is a set of N observations then, standard deviation is given by,

$$\sigma = \sqrt{\frac{\sum (X - \overline{X})^2}{N}}$$

$\sum (X - \overline{X})$ = Sum of the squares of the deviations measured from mean N = Number of Observations

C) Coefficient of Variation (C.V.)

Coefficient of variation is computed for comparing the variability of two distributions. A distribution with smaller C.V. is said to be more homogeneous or uniform or less variable than-the other, and the series with greater C.V. is said to be more heterogeneous or more variable than the other. It is computed as under.

$$C.V. = \frac{\pm}{\overline{X}} \times 100\%$$

Inferential Statistical Tools

Unlike with the data description which have the focus of describing the sample data, while the focus of inferential analysis is on estimation or hypothesis testing, by using sample purely to make inferences about the population. This process is formally known as inferential statistics. There are two major groups of inferential statistics, (I) parametric and (ii) non-parametric. In this research, parametric test such as Correlation Analysis and Regression analysis has been used.

A) Coefficient of Correlation (r)

The correlation is a statistical tool which studies the relationship between two variables and correlation analysis involves methods and techniques used for studying and measuring the extent of the relationship between the two variables. Correlation analysis enables to have an idea about the degree and direction of the relationship between the two variables under study. However, it fails to reflect upon the cause and effect relationship between the variables. The coefficient of correlation, denoted by r is computed as under:

$$r = \frac{N\sum XY - \sum X.\sum Y}{\sqrt{N\sum X^2 - (\sum X)^2}\ \sqrt{N\sum Y^2 - (\sum Y)^2}}$$

B) Regression Analysis

The literal or dictionary meaning of the regression is moving backward or going back or the return to the average value. Regression analysis is the technique of studying how the variations on one series are related to variation in another series. It determines the nature and strength of relationship between two variables. Thus, regression is the estimation of unknown values or prediction of one variable from known values of other variables.

The Regression Model,

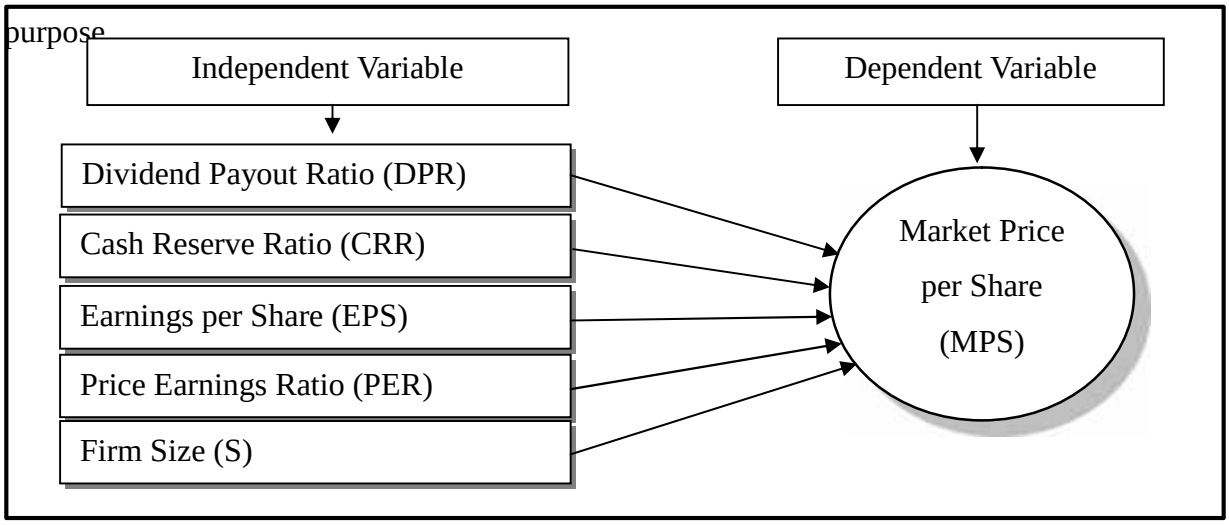
$$MPS_{it} = \alpha_0 + \alpha_1 DPR_{it} + \alpha_2 CRR_{it} + \alpha_3 EPS_{it} + \alpha_4 PER_{it} + \alpha_5 S_{it} + \varepsilon_{it}$$

Where,

α_0	=	Constant Value
$\alpha_1, \alpha_2, \alpha_3, \alpha_4, \alpha_5$	=	Coefficient of Independent Variables
MPS_{it}	=	Market Price per Share during the period t,
DPR_{it}	=	Dividend Payout Ratio during the period t,
CRR_{it}	=	Cash Reserve Ratio (Liquidity) during the period t,
EPS_{it}	=	Earnings per Share during the period t,
PER_{it}	=	Price Earnings Ratioduring the period t,
S_{it}	=	Size of firm during the period t,
ε_{it}	=	Error Terms during the period t

3.6 Research Framework

The research framework consists of theoretical review of undertaken variables in this study. The variables that have been considered are dividend payout ratio, cash reserve ratio, price earnings ratio, earning per share and firm size as independent variables and market price per share as dependent variables for data presentation and analysis purpose.



Source: Bhattarai (2014)

Figure 1: Conceptual Review

Definition of Variables

Dividend Payout Ratio (DPR)

The dividend payout ratio provides an idea of how well earnings support the dividend payments. Dhanani (2005) found that dividend policy serves to enhance corporate

market value. In fact, more mature companies tend to have a higher payout ratio. Conversely, it means that there is an inverse relation between payout ratio and share price changes.

Cash Reserve Ratio

The Cash Reserve Ratio is also a liquidity ratio that represents the bank's short-term liquidity. It evaluates the bank's ability to meet its short-term obligations with its most liquid assets.

Earnings per Share (EPS)

Earnings per share are the portion of a company's profit allocated to each outstanding share of a common stock. Earnings per share serve as an indicator of a company's profitability. A market prospect ratio measure the amount of net income earned per share of stock outstanding. The increasing earnings per share generally results in high market price.

Market Price (MPS)

Market price is the average price of the share derived from the financial year high and low has been considered as market price. The market price of stock fluctuates in every minute due to changes in buying and selling pressure. Due to these changes, it becomes difficult to decide which market price should be regressed as a measure of dependent variable.

The market price of the share gives the value of shares, and the value of the organization. The market price of shares is that the price in which the shares are traded or the amount, which is paid by the buyer to the seller to purchase a stock. The market price of shares varies from one company to another. Since the common shareholders are the owner of the organizations and have least priority to claim in liquidation, the share price is highly volatile and very sensitive to the environmental factors. Therefore, the organization tries to maintain the favorable environment to maximize the share price in the stock market. On the other hand, the external environment forces are not within the control of the organization, but such forces highly affect the market price of shares. Therefore, the firm tries to adjust themselves

according to the changing environmental forces, and such adjustments are intended to maximize the share price or the value of the firm.

Price Earnings Ratio (PER)

P/E ratio is the ratio for valuing a company that measures its current share price relative to its per-share earnings. It is also sometimes known as the price multiple or the earnings multiple. The P/E ratio indicates how much amount an investor can expect to invest in a company to receive one rupee of that company's earnings.

Size (S)

Size of the firm can be measured in many ways, for example, through turnover, paid-up capital, capital employed, total assets, net sales, market capitalization, etc. In the present study bank size is measured by total paid up capital value during the closing of financial year of banks.

CHAPTER IV
RESULTS AND DISCUSION

4.1 Data Presentation and Analysis

The chapter four provides systematic presentation, interpretation and analysis of secondary data in order to deal with various issues associated with determinationof market price per share and their determinants. The purpose of this chapter is to analyze and interpret the data collected during the study. Various statistical tools described in chapter three have been used for fulfilment of study' objectives.

Table 4: Market Price per Share

Fiscal Year	Market Price Per Share			
(AD)	ADBL	GIBL	HBL	EBL
2010/11	130	209	575	1094
2011/12	156	160	653	1033
2012/13	212	432	700	1591
2013/14	565	640	941	2631
2014/15	432	479	813	2120
2015/16	768	515	1500	3385
2016/17	435	388	886	1353
2017/18	314	490	551	663
2018/19	409	293	552	666
2019/20	385	239	540	675
Mean	380.60	384.50	771.10	1521.10
SD	193.40	154.70	294.85	925.08
CV	50.81	40.23	38.24	60.82

(Source: Annual Report)

Table 4 depicts that the average closing market price per share for commercial banks ADBL, GIBL, HBL and EBL are Rs. 380.60, 384.50, 771.10 and 1521.10 respectively. The inconsistency and fluctuation over market price per share for ADBL, GIBL, HBL and EBL over ten fiscal year are Rs. 193.40, 154.70, 294.85 and 925.08 respectively. Similarly, per year inconsistency and fluctuation over market

price per share for ADBL, GIBL, HBL and EBL over ten fiscal year are 50.81, 40.23, 38.24 and 60.82 percent respectively.

Table 5: Dividend Payout Ratio

Fiscal Year (AD)	Dividend Payout Ratio (DPR)			
	ADBL	GIBL	HBL	EBL
2010/11	-	6.67	36.84	10
2011/12	-	3	28.42	30
2012/13	31.58	15	15	10
2013/14	15.79	21	21.05	12
2014/15	15.79	23	42.11	30
2015/16	20	16	31.58	70
2016/17	20	10	26.32	33
2017/18	6	16	15.79	-
2018/19	6	12.75	22	5
2019/20	15	14	20	5
Mean	16.27	13.74	25.91	22.78
SD	8.24	6.06	8.92	20.96
CV	50.64	44.11	34.42	92.01

(Source: Annual Report)

Table 5 depicts that the average dividend payout ratio for commercial banks ADBL, GIBL, HBL and EBL are 16.27, 13.74, 25.91 and 22.78 percent respectively. The inconsistency and fluctuation over dividend payout ratiofor ADBL, GIBL, HBL and EBL over ten fiscal year are 8.24, 6.06, 8.92 and 20.96 percent respectively. Similarly, per year inconsistency and fluctuation over dividend payout ratiofor ADBL, GIBL, HBL and EBL over ten fiscal year are 50.64, 44.11, 34.42 and 92.01 percent respectively.

Table 6: Price Earnings Ratio

Fiscal Year (AD)	Price Earnings Ratio			
	ADBL	GIBL	HBL	EBL
2010/11	1.67	14.86	12.88	13.15
2011/12	2.58	13.57	16.35	11.67
2012/13	2.96	26.74	20.47	17.32
2013/14	16.03	32.7	28.43	30.58
2014/15	3.87	30.74	24.36	27.17
2015/16	14.55	26.64	43.86	83.94
2016/17	13.77	15.21	25.21	41.66
2017/18	8.51	12.27	23.84	20.23
2018/19	9.54	12.48	17.02	17.5
2019/20	12.24	13.29	19.57	22.72
Mean	8.57	19.85	23.20	28.59
SD	5.48	8.29	8.64	21.39
CV	63.89	41.74	37.25	74.82

(Source: Annual Report)

Table 6 depicts that the average price earnings ratio for commercial banks ADBL, GIBL, HBL and EBL are 8.57, 19.85, 23.20 and 28.59 percent respectively. The inconsistency and fluctuation over price earnings ratio for ADBL, GIBL, HBL and EBL over ten fiscal year are 5.48, 8.29, 8.64 and 21.39 percent respectively. Similarly, per year inconsistency and fluctuation over price earnings ratio for ADBL, GIBL, HBL and EBL over ten fiscal year are 63.89, 41.74, 37.25 and 74.82 percent respectively.

Table 7: Cash Reserve Ratio

Fiscal Year	Cash Reserve Ratio (CRR)			
(AD)	ADBL	GIBL	HBL	EBL
2010/11	25.71	27.23	5.75	9.55
2011/12	36.65	34.13	8.72	17.22
2012/13	32.27	32.25	6.08	15.19
2013/14	30.43	31.11	8.72	16.91
2014/15	28.77	30.12	8.32	24.27
2015/16	23.33	35.14	28.74	16.61
2016/17	31.18	33.54	26.64	16.52
2017/18	29.15	25.34	23.05	17.75
2018/19	27.2	22.13	26.25	18.56
2019/20	33.98	24.58	31.39	14.43
Mean	29.87	29.56	17.37	16.70
SD	3.94	4.49	10.63	3.66
CV	13.19	15.17	61.21	21.93

(Source: Annual Report)

Table 7 depicts that the average cash reserve ratio for commercial banks ADBL, GIBL, HBL and EBL are 29.87, 29.56, 17.37 and 16.70 percent respectively. The inconsistency and fluctuation over cash reserve ratio for ADBL, GIBL, HBL and EBL over ten fiscal year are 3.94, 4.49, 10.63 and 3.66 percent respectively. Similarly, per year inconsistency and fluctuation over cash reserve ratio for ADBL, GIBL, HBL and EBL over ten fiscal year are 13.19, 15.17, 61.21 and 21.93 percent respectively.

Table 8: Earnings Price per Share

Fiscal Year (AD)	Earnings Per Share (EPS)			
	ADBL	GIBL	HBL	EBL
2010/11	77.88	14.06	44.66	83.18
2011/12	60.57	11.79	39.94	88.5
2012/13	71.54	16.25	34.19	91.88
2013/14	47.17	19.57	33.1	86.04
2014/15	111.77	15.58	33.37	78.04
2015/16	52.79	19.33	43.03	40.33
2016/17	31.59	25.51	35.15	32.48
2017/18	36.91	23.64	23.11	32.78
2018/19	42.88	23.47	32.44	38.05
2019/20	31.45	17.19	27.6	29.71
Mean	56.46	18.64	34.66	60.10
SD	25.11	4.50	6.59	27.19
CV	44.47	24.12	19.01	45.24

(Source: Annual Report)

Table 8 depicts that the average closing earnings price per share for commercial banks ADBL, GIBL, HBL and EBL are Rs. 56.46, 18.64, 34.66 and 60.10 respectively. The inconsistency and fluctuation over earnings price per share for ADBL, GIBL, HBL and EBL over ten fiscal year are Rs. 25.11, 4.50, 6.59 and 27.19 respectively. Similarly, per year inconsistency and fluctuation over earnings price per share for ADBL, GIBL, HBL and EBL over ten fiscal year are 44.47, 24.12, 19.01 and 45.24 percent respectively.

Table 9: Firms Size as Measure by Total Assets

Fiscal Year	ADBL Total Assets	GIBL Total Assets	HBL Total Assets	EBL Total Assets
2010/11	59,241,364,727	17,522,708,435	48,137,497,000	46,736,203,884
2011/12	68,646,337,000	30,664,113,427	55,367,467,000	54,364,427,882
2012/13	77,097,348,840	39,018,489,785	62,486,557,000	61,113,501,223
2013/14	88,519,685,712	60,018,207,850	74,718,816,000	73,589,845,698
2014/15	100,812,328,142	69,186,488,883	84,753,328,000	82,801,550,614
2015/16	111,786,100,812	88,682,560,000	101,217,918,000	99,863,008,080
2016/17	128,290,186,757	117,893,940,000	100,309,970,000	108,063,252,383
2017/18	135,419,614,689	125,847,430,000	118,388,936,000	116,462,301,380
2018/19	151,574,996,872	151,653,560,000	133,151,142,073	170,077,533,454
2019/20	179,320,218,226	273,876,590,000	155,884,918,983	185,023,189,704
Mean	110,070,818,178	97,436,408,838	93,441,655,006	99,809,481,430
SD	38,632,983,797.76	75,886,271,294.23	35,106,782,771.91	47,023,118,190.93
CV	35.10	77.88	37.57	47.11

(Source: Annual Report)

Table 9 depicts that the average firm size for commercial banks ADBL, GIBL, HBL and EBL are Rs. 110,070,818,178, 97,436,408,838, 93,441,655,006 and 99,809,481,430 respectively.

The inconsistency and fluctuation over firm size for ADBL, GIBL, HBL and EBL over ten fiscal year are Rs. 38,632,983,797.76, 75,886,271,294.23, 35,106,782,771.91 and 47,023,118,190.93 respectively. Similarly, per year inconsistency and fluctuation over firm size for ADBL, GIBL, HBL and EBL over ten fiscal year are 35.10, 77.88, 37.57 and 47.11 percent respectively.

Table 10: Descriptive Analysis

Descriptive Statistics					
Variables	N	Minimum	Maximum	Mean	Std. Deviation
S	40	5.12	5.72	5.47	0.12
DPR	40	0.00	70.00	18.29	13.44
CRR	40	5.75	36.65	23.37	8.87
EPS	40	11.79	111.77	42.46	24.94
PER	40	1.67	83.94	20.05	14.17
MPS	40	130	3385	764.32	673.28

The table 10 depicts that the total number of observations for this study is 40. The minimum value for firm size is 5.12 and maximum value is 5.72. Thus the range for firm size is 0.60. The mean value for firm's size is 5.47 whereas the standard deviation and sampled variance are 0.12 and 0.01 respectively.

Similarly, the minimum range for variables DPR, CRR, EPS, PER and MPS are 0.00, 5.75, 11.79, 1.67 and 130 and maximum range are 5.72, 70.00, 36.65, 111.77, 83.94 and 3385 respectively. The mean value for variables DPR, CRR, EPS, PER and MPS are 18.29, 23.37, 42.46, 20.05 and 764.32 respectively. Moreover, the standard deviation for variables DPR, CRR, EPS, PER and MPS are 13.44, 8.87, 24.94, 14.17 and 673.28 respectively.

Table 11: Correlation Analysis

Variables	S	DPR	CRR	EPS	PER	MPS
S	1					
DPR	-0.01	1				
CRR	0.11	-0.29	1			
EPS	-0.13	0.02	-0.20	1		
PER	0.02	0.67**	-0.20	-0.23	1	
MPS	-0.02	0.58**	-0.38*	0.34*	0.77**	1

***. Correlation is significant at the 0.01 level (2-tatiled)*

**. Correlation is significant at the 0.05 level (2-tatiled)*

The dependent variable market price per share has positive and significant relationship with dividend payout ratio, earnings per share and price earnings ratio which implies the meaning that they lead each other in the same direction. Thus, an increment over dividend payout ratio, earnings per share and price earnings ratio leads to an increment over market price per share and vice versa. Similarly, there is negative but significant relationship between market price per share and cash reserve ratio. Thus, an incrementover cash reserve ratio lead toa decrement over market price per share. There is negative and insignificant relationship between market price per share and firms' size which implies the meaning that they lead one another in the opposite direction. Thus, an increment over firms' size leads to a decrement over market price per share.

Similarly, the price earnings per share is positively correlated with firm size and dividend payout ratio which implies the meaning that they lead each other in the same direction. However there is negative correlation between cash reserve ratio and earnings per share which implies the meaning that they lead each other in the inverse direction. Similarly, the earnings per share earnings per share is negatively correlated firms' size and cash reserve ratio which implies the meaning that they lead each other in the inverse direction. Similarly, earnings per share is positively correlated with dividend payout ratio which implies the meaning that they lead each other in the same direction. Moreover, the cash reserve ratio is positively correlated with firms' size which implies the meaning that they lead each other in the same direction whereas cash reserve ratio is negatively correlated with dividend payout ratio which implies the meaning that they lead each other in the inverse direction. Eventually, dividend payout ratio is negatively correlated with firms' size which implies the meaning that they lead each other in the inverse direction.

Table 12: Regression Analysis of S, DPR, CRR, EPS and PERon MVPS.

M	*Intercept*	*Regression Coefficients*					R^2	*F-Value*	*P-Value*
		S	*DPR*	*CRR*	*EPS*	*PER*			
1	944.61 (3.91)	-1.799 (-0.83)					0.018	0.69	0.41
2	231.31 (1.55)		29.14 (4.41)				0.34	19.41	0.00**
3	-1442.48 (5.097)			-29.015 (-2.550)			0.15	6.50	0.02*
4	-371.354 (1.839)				9.254 (2.249)		0.12	5.06	0.03*
5	32.992 (0.273)					36.469 (7.376)	0.59	54.41	0.00**
6	-760.932 (2.159)	-5.711 (-0.32)	-25.584 (3.745)	-17.429 (-1.680)			0.39	7.68	0.00**
7	709.101 (2.289)		25.762 (3.830)	-17.799 (-1.747)			0.39	11.77	0.00**
8	-470.015 (-2.655)			-7.784 (-1.674)	13.971 (8.402)	41.041 (14.016)	0.89	87.30	0.00**
9	-445.901 (-2.494)		-4.059 (-0.988)	-8.505 (-1.806)	14.304 (8.428)	43.667 (11.042)	0.88	65.68	0.00**
10	-548.667 (-2.683)	8.393 (1.032)	-3.898 (-0.952)	-8.786 (-1.864)	14.738 (8.436)	43.869 (11.089)	0.89	52.86	0.00**

Notes:

(i) Figures in parentheses are t- values.

(ii) The asterisk (**) sign indicates that result is significant at 1 percent level and double asterisk (*) sign indicates that result is significant at 5 percent.

Model 1

$MPS = \beta_0 + \beta_1 S + \varepsilon$

This is the model formed with the combination of MPS and S indicates that the model explains 0.02 percent of variability of data in dependent variable is due to independent

variable and rest is affected by various factors in the economy. Similarly, the positive coefficient of S indicates that there is negative relationship between MPS and S whereas P value 0.41 indicates that the model is significant. Negative sign of coefficient shows that MPS and S moves in the inverse direction.

Model 2

$$\mathbf{MPS = \beta_0 + \beta_1 DPR + \varepsilon}$$

This is the model formed with the combination of MPS and DPR indicates that the model explains 34 percent of variability of data in dependent variable is due to independent variable and rest is affected by various factors in the economy. Similarly,the positive coefficient of DPR indicates that there is positive relationship between MPS and DPR whereas P value 0.00 indicates that the model is significant. Positive sign of coefficient shows that MPS and DPR moves in the same direction.

Model 3

$$\mathbf{MPS = \beta_0 + \beta_1 CRR + \varepsilon}$$

This is the model formed with the combination of MPS and CRR indicates that the model explains 15 percent of variability of data in dependent variable is due to independent variable and rest is affected by various factors in the economy. Similarly, the positive coefficient of CRR indicates that there is positive relationship between MPS and CRR whereas P value 0.02 indicates that the model is significant. Negative sign of coefficient shows that MPS and CRR moves in the inverse direction.

Model 4

$$\mathbf{MPS = \beta_0 + \beta_1 EPS + \varepsilon}$$

This is the model formed with the combination of MPS and EPS indicates that the model explains 12 percent of variability of data in dependent variable is due to independent variable and rest is affected by various factors in the economy. Similarly, the positive coefficient of EPS indicates that there is positive relationship between MPS and EPS whereas P value 0.03 indicates that the model is significant. Positive sign of coefficient shows that MPS and EPS moves in the same direction.

Model 5

$$\mathbf{MPS = \beta_0 + \beta_1 PER + \varepsilon}$$

This is the model formed with the combination of MPS and PER indicates that the model explains 59 percent of variability of data in dependent variable is due to independent variable and rest is affected by various factors in the economy. Similarly, the negative coefficient of PER indicates that there is negative relationship between MPS and PER whereas P value 0.00 indicates that the model is insignificant. Positive sign of coefficient shows that MPS and PER moves in the same direction.

Model 6

$$\mathbf{MPS = \beta_0 + \beta_1 S + \beta_2 DPR + \beta_3 CRR + \varepsilon}$$

This is the model formed with the combination of MPS, S, DPR and CRR indicates that the model explains 39 percent of variability of data in dependent variable is due to independent variable and rest is affected by various factors in the economy. P value 0.00 indicates that the model is significant.

Model 7

$$\mathbf{MPS = \beta_0 + \beta_1 DPR + \beta_2 CRR + \varepsilon}$$

This is the model formed with the combination of MPS, DPR and CRR indicates that the model explains 39 percent of variability of data in dependent variable is due to independent variable and rest is affected by various factors in the economy. P value 0.00 indicates that the model is significant.

Model 8

$$\mathbf{MPS = \beta_0 + \beta_1 CRR + \beta_2 EPS + \beta_3 DPR + \varepsilon}$$

This is the model formed with the combination of MPS, CRR, EPS and DPR indicates that the model explains 89 percent of variability of data in dependent variable is due to independent variable and rest is affected by various factors in the economy. P value 0.00 indicates that the model is significant.

Model 9

$$\mathbf{MPS = \beta_0 + \beta_1 DPR + \beta_2 CRR + \beta_3 EPS + \beta_4 PER + \varepsilon}$$

This is the model formed with the combination of MPS, DPR, CRR, EPS and PER indicates that the model explains 88 percent of variability of data in dependent variable is due to independent variable and rest is affected by various factors in the economy. P value 0.00 indicates that the model is significant.

Model 10

$$\mathbf{MPS = \beta_0 + \beta_1 S + \beta_2 DPR + \beta_3 CRR + \beta_4 EPS + \beta_5 PER + \varepsilon}$$

This is the model formed with the combination of MPS, S, DPR, CRR, EPS and PER indicates that the model explains 89 percent of variability of data in dependent variable is due to independent variable and rest is affected by various factors in the economy. P value 0.00 indicates that the model is significant.

Table 13: Summary Table for Hypothesis

	Research Hypothesis	Variables		P-value	Results At 95 percent interval
		Dependent	Independent		
H1	There is significant relationship between dividend payout ratio and market share price.	MPS	DPR	0.00*	<5 percent Accept H1
H2	There is significant relationship between liquidity (cash reserve ratio) and market share price.	MPS	CRR	0.01**	<5 percent Accept H2
H3	There is significant relationship between earning per share and market share price.	MPS	EPS	0.03**	<5 percent Accept H3
H4	There is significant relationship between price earnings ratio and market share price.	MPS	PER	0.00**	<5 percent Accept H4
H5	There is significant relationship between bank's size and market share price.	MPS	S	0.41	>5 percent Reject H5

4.2 Major Findings

i) The total number of observations for this study is 40. The minimum value for firm size is 5.12 and maximum value is 5.72. Thus the range for firm size is 0.60. The mean value for firm's size is 5.47 whereas the standard deviation and sampled variance are 0.12 and 0.01 respectively. Similarly, the minimum range for variables DPR, CRR, EPS, PER and MPS are 0.00, 5.75, 11.79, 1.67 and 130 and maximum range are 5.72, 70.00, 36.65, 111.77, 83.94 and 3385 respectively. Thus the difference i.e. rage for variables DPR, CRR, EPS, PER and MPS are 0.60, 70.00, 30.90, 99.98, 82.27 and 3255 respectively.

ii) The mean value for variables DPR, CRR, EPS, PER and MPS are 5.47, 18.29, 23.37, 42.46, 20.05 and 764.32 respectively. Moreover, the standard deviation for variables DPR, CRR, EPS, PER and MPS are 0.12, 13.44, 8.87, 24.94, 14.17 and 673.28 respectively. Eventually, the sample variance for variables DPR, CRR, EPS, PER and MPS are 0.01, 180.52, 78.68, 621.85, 200.68 and 453307.51 respectively.

iii) The dependent variable market price per share has positive and significant relationship with dividend payout ratio (.58**), earnings per share (.34*) and price earnings ratio (.77**) which implies the meaning that they lead each other in the same direction. Thus, an increment over dividend payout ratio, earnings per share and price earnings ratio leads to an increment over market price per share and vice versa. Similarly, there is negative but significant relationship between market price per share and cash reserve ratio (-.38*). Thus, an incrementover cash reserve ratio lead to a decrement over market price per share. There is negative and insignificant relationship between market price per share and firms' size (-.02) which implies the meaning that they lead one another in the opposite direction. Thus, an increment over firms' size leads to a decrement over market price per share.

iv) Similarly, the price earnings per share is positively correlated dividend payout ratio (.02) which implies the meaning that they lead each other in the same direction. However, there is negative correlation between cash reserve ratio (-.20) and earnings per share which implies the meaning that they lead each other in the inverse direction.

v) The model formed with the combination of MPS and S indicates that the model explains 0.02 percent of variability of data in dependent variable is due to independent variable and rest is affected by various factors in the economy. Similarly, the positive coefficient of S indicates that there is negative relationship between MPS and S whereas P value 0.41 indicates that the model is significant. Negative sign of coefficient shows that MPS and S moves in the inverse direction.

vi) The model formed with the combination of MPS and DPR indicates that the model explains 34 percent of variability of data in dependent variable is due to independent variable and rest is affected by various factors in the economy. Similarly, the positive coefficient of DPR indicates that there is positive relationship between MPS and DPR whereas P value 0.00 indicates that the model is significant. Positive sign of coefficient shows that MPS and DPR moves in the same direction.

vii) The model formed with the combination of MPS and CRR indicates that the model explains 15 percent of variability of data in dependent variable is due to independent variable and rest is affected by various factors in the economy. Similarly, the positive coefficient of CRR indicates that there is positive relationship between MPS and CRR whereas P value 0.02 indicates that the model is significant. Negative sign of coefficient shows that MPS and CRR moves in the inverse direction.

viii) The model formed with the combination of MPS and EPS indicates that the model explains 12 percent of variability of data in dependent variable is due to independent variable and rest is affected by various factors in the economy. Similarly, the positive coefficient of EPS indicates that there is positive relationship between MPS and EPS whereas P value 0.03 indicates that the model is significant. Positive sign of coefficient shows that MPS and EPS moves in the same direction.

ix) The model formed with the combination of MPS and PER indicates that the model explains 59 percent of variability of data in dependent variable is due to independent variable and rest is affected by various factors in the economy. Similarly, the negative coefficient of PER indicates that there is negative relationship between MPS and PER whereas P value 0.00 indicates that the

model is insignificant. Positive sign of coefficient shows that MPS and PER moves in the same direction.

x) The model formed with the combination of MPS, S, DPR and CRR indicates that the model explains 39 percent of variability of data in dependent variable is due to independent variable and rest is affected by various factors in the economy. P value 0.00 indicates that the model is significant.

xi) The model formed with the combination of MPS, DPR and CRR indicates that the model explains 39 percent of variability of data in dependent variable is due to independent variable and rest is affected by various factors in the economy. P value 0.00 indicates that the model is significant.

xii) The model formed with the combination of MPS, CRR, EPS and DPR indicates that the model explains 89 percent of variability of data in dependent variable is due to independent variable and rest is affected by various factors in the economy. P value 0.00 indicates that the model is significant.

xiii) The model formed with the combination of MPS, DPR, CRR, EPS and PER indicates that the model explains 88 percent of variability of data in dependent variable is due to independent variable and rest is affected by various factors in the economy. P value 0.00 indicates that the model is significant.

xiv) The model formed with the combination of MPS, S, DPR, CRR, EPS and PER indicates that the model explains 89 percent of variability of data in dependent variable is due to independent variable and rest is affected by various factors in the economy. P value 0.00 indicates that the model is significant.

4.3Discussions

Balkrishna (1984) found that the book value per share and dividend per share as most significant determinants of market price in both the industries. Yield also emerged as a significant determinant of stock price associated negatively in cotton textile industry. This study findingsare identical to his findings as there is positive and significant relationship between DPR and MPS.

Besides, Sen and Ray (2003) showed the empirical study revealed dividend payout was an important factor affecting stock prices. Further, they found earning per share has a very weak impact on the share prices. The study explored one of the crucial factor dividend payout ratios having impact on Indian stock price.This study

findingsare identical to his findings as there is positive and significant relationship between DPR and MPS.

Corwin (2003) found many factors both micro and macro-economics, have impact on equity pricing in the stock market, the impact differs from firm to firm, industry to industry, economy to economy and from time to time, but one comforting conclusion is that most of the factors appear to have the same behavior regardless of time, industry or firm constraints. For instance, increased inflation and interest rates, declining dividends, earnings, and poor management leave negative impact on equity pricing and vice-versa. This study finding is contradict to his findings as there is positive and significant relationship between DPR and MPS.

Al-Deehani (2005) showed that variables previous earnings per share, cash dividends per share, previous cash dividends per share, return on equity, price to book value ratio, previous cash flow per share and cash flow per share are all highly correlated with the share price. This study finding is identical to his findings as there is positive and significant relationship between EPS and MPS.

Sharma and Singh (2006) found that earnings per share, price-earnings ratio, dividend per share, dividend coverage, dividend payout, book value per share, and firm size are the determinants of share prices. This study finding is identical to his findings as there is positive and significant relationship between EPS, PER, DPS and MPS.

Somoye et al. (2009) employed simple linear regression model to examine the impact of earning per share, GDP, interest rate, dividend per share and oil price on equity price. The empirical results showed the variable dividend per share, earning per share and GDP exerts a positive correlation to stock prices but are not significant determinants of share price. This study finding is identical to his findings as there is positive and significant relationship between EPS, DPS and MPS.

Shubiri and Faris (2010) found highly positive significant relationship between market price of stock and net asset value per share; market price of stock dividend percentage, gross domestic product, and negative significant relationship on inflation and lending interest rate but not always significant on some years of Amman Stock Exchange in Jordan. This study finding is identical to his findings as there is positive and significant relationship between EPS, DPS and MPS.

Nirmala and Sanju (2011) showed that dividend per share and price earnings ratio are influenced positively to share price of all three sectors. The results further indicated that debt equity ratio is a significant factor influencing share prices for all the three sectors and that it exerts a negative relation with share price. This study finding is identical to his findings as there is positive and significant relationship between PER, DPS and MPS.

Sharma (2011) revealed that earning per share, dividend per share and book value per share has significant impact on the equity price of different industry groups in India. This study finding is identical to his findings as there is positive and significant relationship between EPS, DPS and MPS.

Khan & Amanullah (2012) showed that all the selected variable have positive and significant relationship with share price except interest rate and book to market ratio. This study finding is identical to his findings as there is positive and significant relationship between EPS, DPS and MPS.

Ariff et al. (2012) documented that liquidity has positive effect from money supply and after the controlling the effects of earnings, evidence was found of a significant positive effect from liquidity on share price. This study finding is identical to his findings as there is positive and significant relationship between EPS, DPS and MPS.

CHAPTER V
SUMMARY AND CONCLUSION

5.1 Summary

The major objective of the study is to analyze the determinants of market stock price in commercial banks in Nepal. Out of 27 commercial banks in Nepal one government bank i.e. Agricultural Development Bank Limited, one public bank i.e. Global IME Bank Limited and two joint venture banks that are Himalayan and Everest Bank Limited have been selected. The samples have been chosen on the basis of fulfilment of objective of study i.e. purposive sampling technique. The total number of observations is forty having ten years' annual financial dataof four sample banks. As per research design descriptive and causal comparative research design have been employed. The statistical tools consist of mean, standard deviation, C.V. as well as the inferential statistic consists of mainly correlation and regression analysis i.e. fixed effect model (FEM) for better evaluation of undertaken variables such as market price per share, liquidity (cash reserve ratio), price earnings ratio, firm size, earnings per share and dividend payout ratio.

The major findings of this particular study can be elaborated as the dependent variable market price per share has positive and significant relationship with dividend payout ratio, earnings per share and price earnings ratio. There is negative but significant relationship between market price per share and cash reserve ratio. Further, there is negative and insignificant relationship between market price per share and firms' size which implies the meaning that they lead one another in the opposite direction. The study is based on 40 numbers of observations. The total number of observations for this study is 40. The minimum value for firm size is 5.12 and maximum value is 5.72. Thus the range for firm size is 0.60. The mean value for firm's size is 5.47 whereas the standard deviation and sampled variance are 0.12 and 0.01 respectively. Similarly, the minimum range for variables DPR, CRR, EPS, PER and MPS are 0.00, 5.75, 11.79, 1.67 and 130 and maximum range are 5.72, 70.00, 36.65, 111.77, 83.94 and 3385 respectively. Thus the difference i.e. rage for variables DPR, CRR, EPS, PER and MPS are 70.00, 30.90, 99.98, 82.27 and 3255 respectively. The mean value for variables DPR, CRR, EPS, PER and MPS are 18.29, 23.37, 42.46, 20.05 and 764.32

respectively. Moreover, the standard deviation for variables DPR, CRR, EPS, PER and MPS are 13.44, 8.87, 24.94, 14.17 and 673.28 respectively. Eventually, the sample variance for variables DPR, CRR, EPS, PER and MPS are 180.52, 78.68, 621.85, 200.68 and 453307.51 respectively.

5.2 Conclusion

The most affecting key factor as per the findings of this study for determination of market price per share is earnings per share however dividend payout ratio and cash reserve ratio also affect to a great extent. The dependent variable market price per share has positive and significant relationship with dividend payout ratio, earnings per share and price earnings ratio which implies the meaning that they lead each other in the same direction. Thus, an increment over dividend payout ratio, earnings per share and price earnings ratio leads to an increment over market price per share and vice versa. Similarly, there is negative but significant relationship between market price per share and cash reserve ratio. Thus, an incrementover cash reserve ratio lead to a decrement over market price per share. There is negative and insignificant relationship between market price per share and firms' size which implies the meaning that they lead one another in the opposite direction. Thus, an increment over firms' size leads to a decrement over market price per share. Eventually, on the basis of findings the performance of market price per share is gradually increasing in Nepalese commercial banks. To boost up performance of market price per share the earrings per share and dividend payout ratio need to increase by commercial banks.

5.3 Implications

Nepalese stock market has suffered from rumor-based market and inadequate knowledge to investors, unavailability of the information. So, programs must be launched to increase awareness. The performance of commercial bank is higher than the other sectors. So it is recommended to invest their investments in this sector. The stock exchange should be investor focused & market oriented along with strong operation with effective management. The listed companies should disclose the financial statement timely and completely. The development of good quality institution such as Law and order, efficient bureaucracy, and democratic accountability are crucial to accelerate the development of Stock Market development

in Nepal. Many of the other variables can be used such as money supply, exchange rate etc. In order to take full advantage of the stock market, microeconomic variables like inflation, interest rate, should be reduced. The number of listed companies is increasing every year but the increase is not proportionate among the various sectors. Out of total increase, banks and finance companies have dominated. So the government has to bring new policy to attract more manufacturing, processing, trading companies to come in public and to list their securities in the stock exchange. The result of the study has uncovered new evidence in Nepalese perspective which is considered to be valuable to the market participants. The findings of the study seem to be particularly useful for the equity investors and fund managers as they can use the above variables while estimating stock returns and predicting share prices.

Recommendation for Future Researchers

On the basis of findings of the study the followings recommendations can be offered;

- Increase in sample size would lead to more realistic results. Higher the sample size, better would be the results.
- The others sample banks could also be considered as sample size.
- The more sophisticated tools can be employed for better results and findings.
- The more sample period can be recommended.
- Other variables such as leverage, profitability proxies can be annexed for better results.
- For achieving distinguished resulted the study can be operated undertaking the primary data and sources.

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APPENDICES

Model 1

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.134[a]	**.018**	-.008	675.94826

a. Predictors: (Constant), Firm__Size

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig. (P-value)
1	Regression	316563.001	1	316563.001	**.693**	**.410[b]**
	Residual	17362429.774	38	456906.047		
	Total	17678992.775	39			

a. Dependent Variable: MVPS

b. Predictors: (Constant), Firm__Size

Coefficients[a]

Model		Unstandardized Coefficients B	Unstandardized Coefficients Std. Error	Standardized Coefficients Beta	t	Sig.
1	(Constant)/Intercept	**944.612**	241.529		**(3.911)**	.000
	Firm__Size	**-1.799**	.000	-.134	**(-.832)**	.410

a. Dependent Variable: MVPS

Model 2

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.581[a]	.338	.321	554.90971

a. Predictors: (Constant), DPR

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	5977850.713	1	5977850.713	19.413	.000[b]
	Residual	11701142.062	38	307924.791		
	Total	17678992.775	39			

a. Dependent Variable: MVPS

b. Predictors: (Constant), DPR

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	231.306	149.442		1.548	.130
	DPR	29.139	6.613	.581	4.406	.000

a. Dependent Variable: MVPS

Model 3

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.382[a]	.146	.124	630.28250

a. Predictors: (Constant), CRR

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	2583263.568	1	2583263.568	6.503	.015[b]
	Residual	15095729.207	38	397256.032		
	Total	17678992.775	39			

a. Dependent Variable: MVPS

b. Predictors: (Constant), CRR

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	1442.486	283.999		5.079	.000
	CRR	-29.015	11.378	-.382	-2.550	.015

a. Dependent Variable: MVPS

Model 4

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.343[a]	.117	.094	640.76304

a. Predictors: (Constant), EPS

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	2077056.384	1	2077056.384	5.059	.030[b]
	Residual	15601936.391	38	410577.273		
	Total	17678992.775	39			

a. Dependent Variable: MVPS

b. Predictors: (Constant), EPS

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	371.354	201.966		1.839	.074
	EPS	9.254	4.115	.343	2.249	.030

a. Dependent Variable: MVPS

Model 5

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.767[a]	.589	.578	437.39513

a. Predictors: (Constant), PER

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	10409041.779	1	10409041.779	54.408	.000[b]
	Residual	7269950.996	38	191314.500		
	Total	17678992.775	39			

a. Dependent Variable: MVPS

b. Predictors: (Constant), PER

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	32.992	120.885		.273	.786
	PER	36.469	4.944	.767	7.376	.000

a. Dependent Variable: MVPS

Model 6

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.625[a]	.390	.340	547.17123

a. Predictors: (Constant), CRR, Firm__Size, DPR

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	6900724.152	3	2300241.384	7.683	.000[b]
	Residual	10778268.623	36	299396.351		
	Total	17678992.775	39			

a. Dependent Variable: MVPS

b. Predictors: (Constant), CRR, Firm__Size, DPR

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	760.932	352.484		2.159	.038
	Firm__Size	-5.711	.000	-.042	-.322	.749
	DPR	25.584	6.831	.511	3.745	.001
	CRR	-17.429	10.377	-.230	-1.680	.102

a. Dependent Variable: MVPS

Model 7

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.623[a]	.389	.356	540.50366

a. Predictors: (Constant), CRR, DPR

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	6869657.159	2	3434828.580	11.757	.000[b]
	Residual	10809335.616	37	292144.206		
	Total	17678992.775	39			

a. Dependent Variable: MVPS

b. Predictors: (Constant), CRR, DPR

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	709.101	309.794		2.289	.028
	DPR	25.762	6.726	.514	3.830	.000
	CRR	-17.799	10.187	-.234	-1.747	.089

a. Dependent Variable: MVPS

Model 8

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.938[a]	.879	.869	243.59844

a. Predictors: (Constant), PER, CRR, EPS

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	15542745.655	3	5180915.218	87.309	.000[b]
	Residual	2136247.120	36	59340.198		
	Total	17678992.775	39			

a. Dependent Variable: MVPS

b. Predictors: (Constant), PER, CRR, EPS

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	-470.015	177.060		-2.655	.012
	CRR	-7.784	4.650	-.103	-1.674	.103
	EPS	13.971	1.663	.517	8.402	.000
	PER	41.041	2.928	.864	14.016	.000

a. Dependent Variable: MVPS

Model 9

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.939[a]	.882	.869	243.67792

a. Predictors: (Constant), PER, CRR, EPS, DPR

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	15600730.241	4	3900182.560	65.683	.000[b]
	Residual	2078262.534	35	59378.930		
	Total	17678992.775	39			

a. Dependent Variable: MVPS

b. Predictors: (Constant), PER, CRR, EPS, DPR

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	-445.901	178.791		-2.494	.018
	DPR	-4.049	4.097	-.081	-.988	.330
	CRR	-8.505	4.709	-.112	-1.806	.079
	EPS	14.304	1.697	.530	8.428	.000
	PER	43.667	3.955	.919	11.042	.000

a. Dependent Variable: MVPS

Model 10

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.941[a]	.886	.869	243.45108

a. Predictors: (Constant), Firm__Size, PER, CRR, EPS, DPR

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	15663866.196	5	3132773.239	52.857	.000[b]
	Residual	2015126.579	34	59268.429		
	Total	17678992.775	39			

a. Dependent Variable: MVPS

b. Predictors: (Constant), Firm__Size, PER, CRR, EPS, DPR

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	-548.667	204.501		-2.683	.011
	DPR	-3.898	4.096	-.078	-.952	.348
	CRR	-8.786	4.712	-.116	-1.864	.071
	EPS	14.738	1.747	.546	8.436	.000
	PER	43.869	3.956	.923	11.089	.000
	Firm__Size	8.393	.000	.062	1.032	.309

a. Dependent Variable: MVPSs