

Accepted Manuscript

Market Resiliency conundrum: is it a predictor of economic growth?

Richard Wamalwa Wanzala, Lecturer of Finance, Willy Muturi, Associate Professor of Economics, Tobias Olweny, Senior Lecturer of Finance



PII: S2405-9188(17)30056-9

DOI: [10.1016/j.jfds.2017.11.004](https://doi.org/10.1016/j.jfds.2017.11.004)

Reference: JFDS 33

To appear in: *The Journal of Finance and Data Science*

Received Date: 30 September 2017

Accepted Date: 20 November 2017

Please cite this article as: Wanzala RW, Muturi W, Olweny T, Market Resiliency conundrum: is it a predictor of economic growth?, *The Journal of Finance and Data Science* (2018), doi: 10.1016/j.jfds.2017.11.004.

This is a PDF file of an unedited manuscript that has been accepted for publication. As a service to our customers we are providing this early version of the manuscript. The manuscript will undergo copyediting, typesetting, and review of the resulting proof before it is published in its final form. Please note that during the production process errors may be discovered which could affect the content, and all legal disclaimers that apply to the journal pertain.

Market Resiliency conundrum: is it a predictor of economic growth?Richard Wamalwa Wanzala¹, Willy Muturi² and Tobias Olweny²¹Department of Agriculture and Recourse Economics, Jomo Kenyatta University of Agriculture & Technology, Nairobi, Kenya¹Coressponding author: rwwanzala@aa.jkuat.ac.ke²Department of Economics, Accounts and Finance, Jomo Kenyatta University of Agriculture & Technology, Nairobi, Kenya

Affiliations – First Author: Lecturer of Finance at the ¹Department of Agriculture and Recourse Economics; Second Author (Prof. Willy Muturi): Associate Professor of Economics at the ²Department of Economics, Accounts and Finance, Jomo Kenyatta University of Agriculture & Technology, Nairobi, Kenya; Third Author (Dr. Tobias Olweny): Senior Lecturer of Finance at the ²Department of Economics, Accounts and Finance, Jomo Kenyatta University of Agriculture & Technology, Nairobi, Kenya

Revised: 22nd November, 2017**Abstract**

Resiliency provides fundamental insights on the speed at which the marginal price impact increases as transaction volume increases in the stock market yet very few empirical research has been dedicated to its study. Consequently, this study was directed towards determining whether market resiliency is a predictor of economic growth. Secondly, the study also sought to examine whether real interest rate and risk premium moderate the relationship between stock market tightness and the economic growth in Kenya. To solve the conundrum on the relationship between market resiliency and economic growth, a sagacious moderating regression analysis (MRA) was used. The liquidity and variance ratios were used as measures of resiliency while real interest rate and risk premium were taken as moderating variables. The CUSUM plots were used to determine the stability of the model. The results of this study shows that market resiliency is a predictor of economic growth and both real interest rates and risk premium moderates the relationship between stock market resilience and the economic growth in Kenya.

Keywords: liquidity ratio, variance ratio, moderating regression analysis, market resiliency, economic growth, real interest rate, risk premium, CUSUM plot

1.0 Introduction

The extant literature have demonstrated that the notion of market liquidity is too complex to be crystallized and understood using a single parameter. Conceivably, that's why and Saligehdar, *et al.*, (2017), Wanzala, *et al.*, (2017) and Dash and Sumanjeet (2005) enumerates five dimensions of market liquidity (that is, tightness, depth, breadth, resiliency and immediacy) while other researchers (for example, Rouetbi and Mamoghli 2015) identify only three (that is, tightness (spreads), depth, and resiliency). Shockingly, an extensive body of literature of stock

متن کامل مقاله

دریافت فوری ←

ISIArticles

مرجع مقالات تخصصی ایران

- ✓ امکان دانلود نسخه تمام متن مقالات انگلیسی
- ✓ امکان دانلود نسخه ترجمه شده مقالات
- ✓ پذیرش سفارش ترجمه تخصصی
- ✓ امکان جستجو در آرشیو جامعی از صدها موضوع و هزاران مقاله
- ✓ امکان دانلود رایگان ۲ صفحه اول هر مقاله
- ✓ امکان پرداخت اینترنتی با کلیه کارت های عضو شتاب
- ✓ دانلود فوری مقاله پس از پرداخت آنلاین
- ✓ پشتیبانی کامل خرید با بهره مندی از سیستم هوشمند رهگیری سفارشات