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Capital Market and Industrial Sector in Nigeria

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ABSTRACT

This study examines the impact of the capital market on industrial sector growth in Nigeria, with the specific aim of assessing how market capitalization, all-share index, volume of transactions, and corporate traded bonds influence industrial performance. Adopting an ex-post facto research design, the study utilized annual time-series data covering the period 1990–2024, sourced from the Central Bank of Nigeria (CBN) Statistical Bulletin. Given the availability of complete data, a census approach was employed. The analysis was conducted using EViews 10.0, with descriptive statistics used to summarize the variables and multiple regression analysis applied to evaluate the relationships between capital market indicators and industrial sector growth. The findings reveal that market capitalization and volume of transactions exert positive and statistically significant short-term effects on industrial sector performance, indicating that deeper market size and improved liquidity enhance access to finance and support industrial expansion. Conversely, the all-share index and corporate traded bonds were found to have statistically insignificant effects on industrial growth, reflecting weak transmission of general market trends and the underdeveloped nature of the corporate bond market in Nigeria. The study concludes that while the capital market contributes meaningfully to industrial sector growth, its impact remains uneven. It recommends that policies should strengthening investor protection, and developing the corporate bond market to provide sustainable long-term financing for industrial development.

1. Introduction

The expansion of manufacturing is generally acknowledged as one of the most important factors that contribute to long-term economic success, especially for emerging nations like Nigeria. Employment creation, technical progress, export diversification, and income growth are all greatly impacted by the industrial sector. This sector includes manufacturing, processing, and value-adding activities. Onwuka (2022) argues that development is sped up when industrial expansion is maintained because it increases productive capacity and strengthens both forward and backward links in the economy. Nevertheless, the industrial sector in Nigeria has persisted in exhibiting subpar performance, marked by low capacity utilisation, falling production, and poor global competitiveness, although its strategic significance (Akinlo, 2018).

Inadequate access to long-term finance for capital-intensive activities including equipment purchase, plant expansion, R&D, and technology upgrading is one of the primary impediments affecting industrial growth in Nigeria. These long-term industrial projects often do not qualify for short-term loans from commercial banks or the money market because of the high interest rates and strict collateral requirements. Capital markets are anticipated to be crucial in this context, as they facilitate the allocation and mobilisation of long-term funds that may be used to bolster industrial development and productivity growth (Eze & Nnadi, 2019).

To facilitate the reinvestment of excess funds into productive industrial investments, the capital market facilitates the issue and trading of long-term financial instruments like bonds and stocks (Oladele & Akinboade, 2023). Capital creation, resource allocation, and corporate governance are all improved in industrial enterprises when the capital market is well-functioning (Ahmed & Shehu, 2023). Historically, industrial change and technological innovation in industrialised countries have been supported financially by capital markets. The impact of Nigeria's capital market on the expansion of the industrial sector has been little, despite many changes designed to enhance it. The market's capacity to efficiently support industrial growth has been hindered by issues including volatile markets, low investor trust, ineffective regulations, and unstable macroeconomic conditions (Udoh & Esu, 2020; Uche & Ibe, 2023). As a result, industrialisation is sluggish and Nigeria's pursuit of long-term economic development is hindered since many industrial businesses are underfunded. As a result, research on the impact of Nigeria's capital market on the expansion of the industrial sector is urgently required.

1.1 Statement of the Problem

There have been a number of changes to the Nigerian capital market, but whether or not they have helped boost development in

the industrial sector is still up for debate. The goals of these changes were to make it easier to raise money over the long run, allocate resources more efficiently, increase the variety of financial tools available, and improve the speed with which investment evaluations could be done (Bello & Yusuf, 2019). In an ideal world, a capital market would encourage capital creation, direct long-term investments into productive industries, and back long-term industrial growth. Nonetheless, there is evidence to imply that the Nigerian capital market has failed to adequately fulfil this duty.

Akinlo (2018) notes that Nigeria's industrial sector has been growing slowly and unevenly, with low manufacturing output, poor capacity utilisation, and weak competitiveness. The sector's significance in promoting economic diversity, job growth, and technological innovation makes this continuous underperformance all the more problematic. Companies in the industrial sector have a significant challenge when trying to invest in equipment, infrastructure, and growth: a lack of cheap long-term financing. The capital market is supposed to fill this funding shortfall, but it hasn't done anything to help industrial growth thus far.

Investor confidence is falling, liquidity is tight, regulators aren't doing their jobs, and volatility is at an all-time high in Nigeria's stock market (Udoh & Esu, 2020). Because of these difficulties, less funds are flowing into industrial businesses, which discourages investment for the long run. Ikechukwu and Chukwuma (2021) found that the capital market is unable to effectively support industrial expansion due to inconsistent government policies, a lack of market openness, and inadequate institutional frameworks. Consequently, a lot of manufacturing companies use costly and inappropriate short-term bank loans for their long-term initiatives.

Emeh and Chigbu (2014), Acha and Akpan (2019), and Eze and Akwarandu (2020) are among the empirical studies that have looked at how capital market performance affects GDP growth in Nigeria. However, very few studies have looked at how it affects growth in the industrial sector using sector-specific indicators and up-to-date data. Because of this knowledge gap, effective policymaking is hindered. So, the purpose of this research is to look at the impact of the capital market on Nigeria's manufacturing sector from an empirical perspective.

1.2 Aims and objectives of the Study

The aim of this study is to investigate the impact of capital market on sectorial growth in Nigeria. Specifically, the objectives of the study are to:

i. Determine the impact of market capitalization on industrial sector growth in Nigeria.
ii. Determine the extent to which all share index impact on industrial sector growth in Nigeria.
iii. Determine the extent to which volume of transaction on industrial sector growth in Nigeria.
iv. Determine the impact of corporate traded bonds on industrial sector growth in Nigeria.

2. Literature Review

2.1 Capital Market

A capital market is a highly structured financial system used for the issuance and trading of long-term securities like stocks and debt instruments. It mobilizes individual and institutional savings and directs them toward profitable investments by governments and businesses (Okpe et al., 2020). In this sense, it facilitates the conversion of excess funds into chances for capital production and promotes economic growth. By enabling new issues and guaranteeing the tradability of current financial instruments, the capital market maintains economic momentum through both primary and secondary segments (Olubunmi, 2022; Onuoha, 2021).

The capital market can be seen through a number of integrated lenses, with its core located in the ecosystems of investment and savings. Large-scale industrial projects are made possible by its mobilizing function, which connects surplus units (savers) to deficit units (borrowers) (Okpe, 2020). Another perspective highlights its function in supplying liquidity, as secondary trading instruments give investors resilience and exit alternatives (Onuoha, 2021). Another way to look at it is via the perspective of price formation, where fair valuation that reflects available information is encouraged by transparent and regulated exchanges (Savchenko, 2020).

2.2 Market Capitalization

The market capitalization of a publicly listed business is a basic financial measure that is used to find the entire market value of its outstanding stock. This is the result of multiplying the number of outstanding shares by the current market price of one share (Chen et al., 2022; Musebe, 2020). Market capitalization is a measure of how investors see a company's potential and worth, as it varies every day in relation to share prices (Brueckner, et al., 2021). It is an essential instrument for categorization in international financial markets as it gives a picture of a company's size, investment risk, and developmental stage (Ayadi & Williams, 2023).

Market capitalization also serves as a measure of size in the stock market. According to Musebe (2020), stock market valuations determine whether a company is classified as a mega-cap, large-cap, mid-cap, small-cap, micro-cap, or nano-cap. The reason these categories are important is because they correspond to different risk-reward profiles. In general, large-cap companies have been around for a long, have consistent cash flows, and are less volatile than small-caps. On the other hand, small-caps may have more room for expansion, but they are more prone to uncertainty and big price fluctuations (Brueckner et al., 2021). Market capitalization therefore influences the choices made by investors, the building of investment portfolios, and the ability to compare companies of different sizes.

2.3 Volume of Transaction

Transaction volume refers to the total quantity of securities such as stocks, bonds, or derivatives that are traded over a specific period on a given exchange or market segment. It is typically measured in terms of the number of shares or units exchanged or in psychological terms of total value traded. Transaction volume serves as an indicator of market activity and liquidity: high volume

implies active participation and ease of entering or exiting positions, whereas low volume suggests illiquidity and potential pricing inefficiencies (Onwuka, et al., 2018; Adeyemi & Fagbemi, 2021). As prices fluctuate, volume often increases during market rallies or panics, signaling either confidence or uncertainty among investors. It thus encapsulates both transactional throughput and market sentiment in a single measure.

2.4 All shares Index

The performance of all publicly traded businesses listed on a certain exchange is reflected in an all-share index, which is a general stock market aggregate. It accounts for changes in share prices across the board for listed securities by calculating the total price movement by weighting each asset according to its market value (Osadume & Imide, 2016; Obubu, 2018). For all market players, this indicator provides a snapshot of the overall health of the market, including major, mid, and small size enterprises. Osadume and Imide (2016) found that the index is more sensitive to changes in the stock prices of bigger businesses than smaller ones due to the fact that the weight of each component is based on its market capitalization. Investor mood, economic expectations, and financial stability may be gauged by the direction and volatility of an all-share index, which acts as a macroeconomic barometer. Optimism for company profits and broader economic development is generally signaled by continuous rising trends, whereas instability, liquidity restrictions, or systemic danger are possible indications of extended downturns. The all-share index provides important information for economic forecasting, regulatory decision making, and portfolio management to analysts, investors, and policymakers (Obubu, 2018; Osadume & Imide, 2016).

2.5 Corporate Traded Bond

To finance growth, debt refinancing, and mergers and acquisitions, private corporations often issue corporate traded bonds, which are long-term debt instruments. Companies may get their hands on these bonds quickly via main offerings. Corporate traded bonds are publicly accessible products that investors may purchase or sell on established exchanges or over the counter (OTC) platforms after they hit the secondary market (Carter, 2019; Piwowar, 2013). Investors are able to make portfolio adjustments and corporations may track bond prices via market mechanisms because to the availability of secondary trading, which offers liquidity and flexibility. Bonds issued by corporations and sold on stock exchanges are distinct from other types of debt as they are marketable securities with specified coupon payments and due dates. These bonds may be assessed by credit rating organizations and can be denominated in either local or foreign currencies. The issuers' cost of capital, pricing efficiency, and transparency are all improved by the market infrastructure that facilitates their trading, which includes clearing systems, electronic matching platforms, dealer networks, and regulatory oversight (Oluoch et al., 2024; Carter, 2019).

2.6 Industrial Sector

Companies in the industrial sector mine for resources, process those materials into finished products, and build the physical infrastructure that supports these activities. As a foundational layer of economic activity, this sector transfers natural or raw materials into completed or intermediate goods via mechanical, chemical, or thermal processes (Mahmood & AlTamimi, 2018; Robinson, 2020). From consumer electronics and textiles to heavy equipment, steel, chemicals, and automobiles, it produces it everything. When it comes to employment, innovation, and productivity, industrial firms tend to have a bigger impact because of the large-scale capital investment, organized labor, and considerable supply chain links that they usually include.

2.7 Theoretical Review

2.7.1 Endogenous Growth Theory

Arose in the mid-1980s in reaction to the shortcomings of neoclassical growth models, most notably the Solow-Swan framework, which attributed the determination of long-term economic development to forces outside of the economy, such as technological advancement. Efficient allocation of resources, investments in human capital, knowledge, and innovation are the primary internal factors that drive economic development, according to the Endogenous development Theory, which was pioneered by Romer (1986) and Lucas (1988). In contrast to exogenous models, which see technology development as an unknown phenomenon, this theory depicts it as something that people, businesses, and governments intentionally bring about.

2.8 Empirical Review

Gogo et al. (2021) looked at how capital market indices affected GDP growth in Nigeria. The research used market capitalisation, all-share index, total trade value, and real GDP. The data was analysed using the following statistical tools: ordinary least square, Johansen cointegration test, and pair wise granger causality tests. The results show that capital market indices and GDP growth in Nigeria are positively and negatively correlated. A correlation between capital market indices and GDP growth in Nigeria over the long term is also suggested by this.

Adebayo and Olayemi (2020) investigated the correlation between the All Share Index (ASI) and growth in Nigeria's industrial sector. The sample size was 25 enterprises chosen by purposive selection, and the population consisted of 40 industrial firms registered on the Nigerian Stock Exchange. Secondary sources such as yearly financial reports and stock market records were used to gather data, which was then analysed using descriptive statistics and regression analysis. The data was analysed using EViews 10, and the research was carried out in Nigeria with an emphasis on the industrial sector. The results showed a strong positive correlation between the All Share Index and growth in the industrial sector. This suggests that when the ASI is high, it means that investors are confident and money is flowing in, which is good for industrial production and growth. The research found that the ASI-measured stock market's performance is a key factor in industrial development because it improves companies' ability to innovate and modernise and gives them access to long-term finance.

Okonkwo et al. (2019) analyse the relationship between economic growth and the development of capital markets in Nigeria from 1993 to 2013. They also look at the effects of these developments and the direction of causation between the two. Using market capitalisation, number of transactions, all share index, and total value of market transaction as indices, the Johansen cointegration model assesses the evolution of the capital market and its link to economic growth and causation. All of the capital market development indices' metrics, with the exception of market capitalisation and total market transaction value, indicate a positive correlation between capital market development and economic growth. Capital market development and economic growth seem to have a unidirectional link, according to the results of the paired Granger Causality test. So, the growth and functioning of the capital market are decided by the economic development level. Capital market development and economic growth are correlated, according to this research.

Ezeoha (2019) investigated the nature of the correlation between stock market growth and investment levels. They found that growing stock markets encourage private investment at home, which boosts production capacity and overall economic output. Nonetheless, the findings demonstrate that the growth of Nigeria's stock market has failed to attract private investment from outside the country. This is because the Nigerian Stock Exchange has very stringent regulatory policies, making it very difficult to create an environment that attracts foreign direct investment. This, in turn, would greatly improve the capital market's activities and performance, leading to economic growth.

Okonkwo and Eze (2021) to assess the effect of market capitalisation on the expansion of Nigeria's industrial sector. The study used a descriptive approach with a sample size of 25 companies chosen at random from a pool of 40 industrial enterprises trading on the Nigerian Exchange between 2010 and 2020. Annual reports and the Statistical Bulletin of the Central Bank of Nigeria were used as secondary sources of data. In Lagos, we used EViews software to do multiple regression analysis on the collected data. Research showed that industrial production was positively and significantly correlated with market capitalisation, suggesting that bigger capital markets encourage investment and boost productivity in the industry. Researchers found that companies had easier access to long-term funding when their capitalisation levels were higher. Its goal was to increase access to capital market funding for industries by recommending measures that would increase market transparency, boost investor trust, and encourage equity involvement.

3. **Methodology**

The ex-post facto research design is used in this study. The scientific approach known as ex-post facto design looks at the effects of independent factors that have already happened on the dependent variables. The purpose of this approach is to establish a cause-and-effect link between the criteria and predictor variables while avoiding problems associated with random variable selection. From 1990 to 2024, the study's population included all industrial and capital market activity in Nigeria. Because the dataset was manageable and full yearly records were available for the 35-year period (1990–2024), the research used a census technique instead of a sampling. Market capitalisation (MCAP), all-share index (ASI), volume of transactions (VOT), and corporate traded bonds (CTB) were the independent variables used in this research. Secondary data was retrieved from the Central Bank of Nigeria (CBN) Statistical Bulletin 2024. Rather than using the capital market as the dependent variable, these independent variables were based on the industrial sector. Eviews 10.0 was used for statistical analysis, and descriptive statistics like means and standard deviations were used to summarise important variables. Inferential statistics, namely multiple regression analysis, were used to examine the impact of capital market variables and industrial sector.

3.1 Model Specification

This research lays out the functional link between the following variables: industrial sector as the dependent variable and capital market as the independent variable proxies; market capitalization, all share index, volume of transaction and corporate traded bond. Here is the econometric model that is derived from the mathematical function:

$$IDU = f(MCAP, ASI, VOT, CTB) \quad \text{(i)}$$

Mathematical Form:

Model 1

$$IND = \beta_0 + \beta_1 LNMCAP + \beta_2 LNASI + \beta_3 LNVOT + \beta_4 LNCTB + \mu \quad \text{(ii)}$$

Where:

IND = Industrial Sector output growth
MCAP = Market Capitalization
ASI = All Share Index
VOT = Volume of Transaction
CTB = Corporate Traded Bonds
β_0 = Intercept
β_1–β_4 = Coefficients of the explanatory variables
ε = Error term

This model was estimated using time series data and appropriate econometric techniques such as multiple regression analysis, after conducting relevant stationarity and diagnostic tests.

4. Findings

4.1 Descriptive Statistics Result

Table 4.2: Descriptive Statistics

	VOT	MC	CTB	ASI	IS
Mean	2173.766	12167.21	2007.598	24054.11	17285.34
Median	577.8200	5120.900	10.05000	24085.80	8441.760
Maximum	55614.39	75202.90	60969.41	74773.77	76386.30
Minimum	0.230000	16.30000	0.800000	513.8000	146.8300
Std. Dev.	9319.506	17089.58	10269.36	18494.94	21414.81
Skewness	5.619779	1.990811	5.642308	0.649695	1.459579
Kurtosis	32.73743	7.013553	32.90292	2.991122	4.122969
Jarque-Bera	1473.853	46.61113	1489.727	2.462385	14.26621
Probability	0.000000	0.000000	0.000000	0.291944	0.000798
Sum	76081.81	425852.2	70265.92	841894.0	604987.1
Sum Sq. Dev.	2.95E+09	9.93E+09	3.59E+09	1.16E+10	1.56E+10
Observations	35	35	35	35	35

Source: Eviews 10, 2025

Key capital market and sectoral performance indicators in Nigeria were able to be better understood via the descriptive data, which cover a span of 35 years. The service sector in Nigeria is becoming more important, as the mean values demonstrate (30,278.33) that it regularly surpassed the industrial sector (17,285.34). In spite of huge standard deviations, the All Share Index (24,054.11) and market capitalisation (12,167.21) show that the market is expanding generally. Extreme peaks (55,614.39 and 60,969.41 respectively) and very low troughs (mean = 2,007.60) in the value of transactions (mean = 2,173.77) and corporate traded bonds (mean = 2,007.60) suggest that there are irregular spikes in investor activity and bond issuance. Most variables have skewness values greater than one; nevertheless, high kurtosis values (32.74 and 32.90) indicate heavy-tailed distributions, while skewed distributions with occasional spikes are suggested by values of 5.62 for transaction value and 5.64 for corporate traded bonds. Data shows long-term growth in Nigeria's capital market and sectors, but with pronounced volatility and irregular investment patterns. The Jarque-Bera test shows that most series (except ASI and service sector) deviate significantly from normalcy, which supports the evidence of volatility and structural shifts.

4.2 Stationarity Test Result

Table 4.3: Augmented Dickey Fuller Unit Root Test

Variables	Unit Root Test @Levels		Unit Root Test @1st Differencing		Integration Order
	(Trend & Intercept)		(Trend & Intercept)		
	Critical Value	Prob.	Critical Value	Prob.	
LNSS	0.295182	0.9978	-4.911788	0.0020	I(I)
LNIS	-1.833901	0.6659	-5.620151	0.0003	I(I)
LNVOT	-1.754932	0.7041	-5.742207	0.0022	I(I)
LNASI	-2.445546	0.3513	-5.024053	0.0016	I(I)
LNMCAP	0.294535	0.9978	-5.680404	0.0050	I(I)
LNCTB	-2.075927	0.5402	-4.423944	0.0068	I(I)

Source: Author Computation from E-view output, 2025

The unit root test results indicate that the service sector (LNSS), industrial sector (LNIS), value of transactions (LVOT), All Share Index (LNASI), market capitalisation (LNMCAP), and corporate traded bonds (LNCTB) are all non-stationary at levels because test statistics exceed critical values and related probabilities exceed 0.05. Following first differencing, the probability was less than 0.05 and the test statistics were below the critical levels, indicating stationarity at the 5% significance level. If this is the case, then all of the series must be integrated of order one, I(1). After initial differencing, the variables become stable and may be used for long-term econometric studies, including cointegration and error correction models. But in their unprocessed state, they show unit origins and patterns.

4.3 Regression Analysis

Table 4.5: Regression Analysis on Industrial Sector

Dependent Variable: D(LNIS)
Method: Least Squares
Date: 01/05/26 Time: 21:12
Sample (adjusted): 1991 2024
Included observations: 34 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.098897	0.035736	2.767446	0.0099
D(LNVOT)	0.156830	0.072011	2.177860	0.0380
D(LNMCAP)	0.195120	0.075088	2.598569	0.0148
D(LNCTB)	0.035676	0.035591	1.002384	0.3247
D(LNASI)	-0.081809	0.166498	-0.491352	0.6270
ECM(-1)	-0.176370	0.129995	-1.856742	0.0257

R-squared	0.374904	Mean dependent var	0.181885
Adjusted R-squared	0.263280	S.D. dependent var	0.187192
S.E. of regression	0.160672	Akaike info criterion	-0.660123
Sum squared resid	0.722831	Schwarz criterion	-0.390765
Log likelihood	17.22209	Hannan-Quinn criter.	-0.568264
F-statistic	3.358626	Durbin-Watson stat	2.021093
Prob(F-statistic)	0.016800		

Source: Eview 10

Hypothesis One (H_{01}): Market capitalization has no significant impact on industrial sector growth in Nigeria.
The expansion of Nigeria's industrial sector is unaffected by market capitalisation. The analytical results showed, however, that in the short term, market capitalisation has a positive and statistically significant effect on the industrial sector ($p = 0.0148$, $t = 2.5986$, and coefficient = 0.1951). This means that more people will be able to access the financing they need to start or develop businesses in Nigeria as the market value of listed stocks rises. This study suggests that a stronger and more extensive capital market enhances industrial enterprises' ability to raise financing for production growth, innovation, and competitiveness, meaning that the industrial sector plays a more significant part in overall economic development. Also, using an error correction term (ECM(-1)) of -0.1764 ($t = -1.8567$, $p = 0.0257$), we can see that every year, about 17.6% of the short-run disequilibrium in industrial sector performance is brought back into longer-term equilibrium.

Hypothesis Two (H_{02}): All share index has no significant impact on industrial sector growth in Nigeria.
The expansion of Nigeria's industrial sector is unaffected by the all-share index. With a coefficient of -0.0818, t-statistic of -0.4914, and probability value of 0.6270, the analytical results supported this hypothesis, demonstrating that changes in the all share index do not have a substantial impact on the performance of the industrial sector. This finding implies that, while the index does represent stock market movement generally, it does not necessarily translate into increased industrial output. This points to the possibility that the industrial sector relies more on concrete resources from the capital market, such investments and equity finance, and is less affected by general market mood. To be sure, the all-share index may not matter in the near term, but a yearly adjustment of about 17.6% restores long-term equilibrium, according to the ECM(-1) of -0.1764 ($t = -1.8567$, $p = 0.0257$).

Hypothesis Three (H_{03}): Volume of transactions has no significant impact on industrial sector growth in Nigeria.
The expansion of Nigeria's industrial sector is unaffected by the volume of transactions. A t-statistic of 2.1779, a likelihood value of 0.0380, and a coefficient of 0.1568 indicate that transaction volumes substantially impact the performance of the industrial sector. Capital may be more easily mobilised and resources allocated more efficiently to industrial firms when there is an uptick in trade activity, which is an indication of improved liquidity and investor confidence. The significance of a dynamic and open trade environment in bolstering the expansion of the industry is underscored by this discovery. The long-term stability of the industrial sector is guaranteed by the yearly correction of about 17.6% of disequilibrium resulting from short-run shocks, as confirmed by the ECM(-1) result of -0.1764 ($t = -1.8567$, $p = 0.0257$).

Hypothesis Four (H_{04}): Corporate traded bonds have no significant impact on industrial sector growth in Nigeria.
The expansion of Nigeria's industrial sector is unaffected by corporate traded bonds. The data supports this theory, showing that corporate bonds do not have a noticeable impact on the performance of the industrial sector in the near term (coefficient = 0.0357, t-statistic = 1.0024, probability = 0.3247). This research suggests that industrial enterprises in Nigeria do not fully use the bond market as a source of long-term financing, suggesting that the market is still immature. Because of the potential benefits of a more mature and expanded corporate bond market as a long-term financing option for industrial development, this points to the need for policies that can foster this market's growth. The industrial sector adapts towards long-term equilibrium at a pace of 17.6% per year, even if corporate bonds are insignificant in the short run, according to the ECM(-1) of -0.1764 ($t = -1.8567$, $p = 0.0257$).

4.4 Discussion
Market capitalization and industrial sector : Results showed that market capitalisation has a positive and statistically significant short-term effect on the industrial sector (with a coefficient of 0.1951, t-statistic of 2.5986, and probability value of 0.0148), therefore rejecting this hypothesis. This means that more people will be able to access the financing they need to start or develop businesses in Nigeria as the market value of listed stocks rises. Firms in the industrial sector are better able to raise capital for production growth, innovation, and competitiveness when the capital market is deeper and more active. This strengthens the

sector's involvement in overall economic development. Okonkwo and Adeyemi (2022) discovered that ASI fluctuations indirectly promote industrial growth via capital accessibility; this conclusion is in line with Ibi et al. (2015), who demonstrated that market capitalisation favourably effects industrial production. But it contradicts what Adekunle and Yusuf (2021) found: that market capitalisation helps agriculture, but only to a limited extent because of systemic constraints.

All share index and industrial sector: With a coefficient of -0.0818, t-statistic of -0.4914, and probability value of 0.6270, the analytical data demonstrated that changes in the all share index do not substantially impact the performance of the industrial sector. Consequently, this hypothesis was accepted. The consequence is that increased industrial productivity is not directly correlated with the index's reflection of the stock market's overall trend. This points to the possibility that the industrial sector relies more on concrete resources from the capital market, such investments and equity finance, and is less affected by general market mood. The findings of Okonkwo and Adeyemi (2022) and Okafor and Eze (2022) are at odds with one another; the former found that ASI has a modest impact on industrial sector development, while the latter found a weak but favourable effect of ASI on agricultural performance. On the other hand, according to Acha and Akpan (2019), the impact of ASI can differ based on the market's sectoral representation.

Volume of transactions and industrial sector: We can conclude from the data that transaction volumes do, in fact, have an effect on industrial sector performance ($p = 0.0380$, $t = 2.1779$, and coefficient = 0.1568), thereby rejecting this hypothesis. Capital may be more easily mobilised and resources allocated more efficiently to industrial firms when there is an uptick in trade activity, which is an indication of improved liquidity and investor confidence. The significance of a dynamic and open trade environment in bolstering the expansion of the industry is underscored by this discovery. Ibi et al. (2015) and Ibrahim and Musa (2020) found that transaction volumes affect industrial production favourably, and our finding coincides with them. Ibrahim and Musa also found that larger transaction values improve industrial investments. Also, it lines up with the findings of Akinpelu and Adekunle (2023), who discovered that the value of digital transactions opens up more opportunities for investment in the agro sector. Okonkwo and Bello (2022) also found that transaction values greatly increase farmers' income, which proves that cross-sector trade is important.

Corporate traded bonds and industrial sector: In the short term, corporate bonds do not significantly impact industrial sector performance, according to the analytical findings (coefficient of 0.0357, t-statistic of 1.0024, probability value of 0.3247). As a result, this theory gained credibility. This study's findings imply that bond market is still in its infancy as a source of long-term funding for Nigerian industrial businesses. Policies that might encourage the development of corporate bond markets are necessary because of the advantages that could accrue from having a larger and more established bond market to finance long-term industrial development projects. This result contradicts the results of Okafor and Musa (2021) and Eze and Adebayo (2020), who discovered that corporate bonds significantly enhance the performance of the oil and gas industry. The oil and gas industry benefits from bond financing, but the industrial sector has been slow to adopt it perhaps due to structural and regulatory constraints.

5. Conclusion and Recommendations

5.2 Conclusion

The Nigerian capital market has a varied but significant impact on the performance of the industrial sector, according to the study's findings. The results demonstrate that market capitalisation and transaction volume have favourable and statistically significant short-term effects on the industrial sector, suggesting that a deeper and more liquid capital market facilitates financing, improves resource allocation, and fosters industrial growth and competitiveness. These findings demonstrate how crucial investor confidence and active market involvement are to promoting industrial development. Conversely, it was discovered that the all-share index had a negligible detrimental impact on the performance of the industrial sector, indicating that overall market trends do not always result in increased industrial productivity. The undeveloped state of the corporate bond market as a source of industrial financing is reflected in the fact that corporate traded bonds did not significantly affect industrial performance in the near run. Overall, the research highlights the need of focused capital market reforms to promote sustained industrial growth in Nigeria by fostering the expansion of the corporate bond market and enhancing the depth and liquidity of the stock market.

5.3 Recommendations

The research suggests the following in light of its findings:

i. Market capitalisation in the industrial sector: measures to promote additional company listings on the Nigerian Stock Exchange are advised.
ii. The All Share Index on the industrial sector highlights the need for authorities to enhance investor protection, transparency, and governance by making sure that index fluctuations accurately represent industrial performance. This will make the index a more dependable growth engine.
iii. Transaction volume on industrial growth: Regulators should concentrate on enhancing liquidity via technology advancements, lowering transaction costs, and promoting more investor engagement.
iv. Corporate traded bonds on the industrial sector: In addition to measures that will boost investor confidence and knowledge of bond investment prospects, authorities can develop the corporate bond market by providing incentives for private companies to issue bonds.

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