Faculty of Commerce

Department of Accounting and Finance

THE RELATIONSHIP BETWEEN MACRO-ECONOMIC VARIABLES AND ZIMBABWE STOCK EXCHANGE PERFORMANCE

CARISON DEVE

L0130987W

SUPERVISOR: MR M NCUBE

A RESEARCH PROJECT SUBMITTED IN PARTIAL FULFILMENT OF THE REQUIREMENTS OF THE BACHELOR OF COMMERCE HONOURS DEGREE IN ACCOUNTING AND FINANCE AT LUPANE STATE UNIVERSITY.

MAY 2017
ABSTRACT

This study seeks to provide evidence on the relationship and impact of macro-economic factors on Stock market performance in Zimbabwe. The main objective of this study was to carry out an empirical investigation to find out whether there is relationship between macro-economic variables and Zimbabwe stock market performances. Zimbabwe Stock Exchange industrial index was used as a proxy to the stock exchange performances and money supply (M3), interest or lending rate, Rand/$US exchange rate and inflation were used as macroeconomic variables. The analysis was implemented on a sample of 48 months starting from January 2013 to December 2016 using data collected from reports published by Zimstats, Reserve Bank of Zimbabwe (RBZ), and the Zimbabwe Stock Exchange (ZSE). The researcher tested whether there is any significant relationship between ZSE performance and the said macro-economic variables, regression results show that a significant relationship exist. The researcher also look for the impact of these macro-economic variables on the Zimbabwe stock exchange performances. Using multiple regression the studier attempted to identify whether the macro economic variables have significant impact on the performance of the Zimbabwe stock exchange and the results show that macro-economic factors have a significant impact on ZSE performance. Therefore, researcher conclude that ZSE is explained by macroeconomic variables and thus stock market performances are explained by macroeconomic variables.