



**THE ROLE OF STOCK MARKET DEVELOPMENT ON  
ECONOMIC GROWTH: EVIDENCE FROM HIGH  
INCOME,UPPER MIDDLE INCOME AND LOWER MIDDLE  
INCOME COUNTRIES**

**MOHD AZROY JAIMI  
2015926335**

**BACHELOR OF BUSINESS ADMINISTRATION  
WITH HONOURS (FINANCE)  
FACULTY OF BUSINESS MANAGEMENT  
UNIVERSITI TEKNOLOGI MARA  
KOTA KINABALU SABAH**

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## **ABSTRACT**

This study examines the relationship between stock market development and economic growth for high income country, middle income country and lower middle country, using 15 countries with time frame started 2007 to 2016 using panel method. This study using three proxies of stock market development factor, namely stock traded, turnover ratio and market capitalization, while economic growth measured by GDP growth rate. The result suggest a positive relationship between all the independent variables towards the economic growth GDP. According to the finding, this study find out, there is insignificant relationship for high income country, while for lower middle income country most show a good performance towards the variable on economic growth. These finding have clear policy implication, they provide the evidence that strengthening the stock market development will help enhance economic growth in the country. Therefore, the government need to restructured and encourage stock market development for country in order to grow economic profitability.