

Title: THE EFFECT OF MONEY SUPPLY ON STOCK MARKET VOLATILITY IN KENYA

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ABSTRACT

This paper considers the effect of money supply on stock market volatility, using M2 as a measure of money supply since it is a measure of broad money in the economy. This relationship is important because the level of money supply determines the amount of disposable income available to individuals to consume and invest, with the stock market being one of the avenues to invest. The study finds that the money supply has an impact on stock market volatility and the impact is persistent.