

**THE CAPITAL  
MARKET AS A  
DRIVER OF  
ECONOMIC  
GROWTH-WITH  
AN EMPHASIS  
ON  
INSTITUTIONAL  
INVESTORS  
INVESTMENTS**



**MILA MITREVA**

***5<sup>th</sup> INTERNATIONAL SCIENTIFIC CONFERENCE-  
CHALLENGES OF TOURISM AND BUSINESS  
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# CAPITAL MARKETS AND ECONOMIC GROWTH

- Important driver for economic growth;
- Substitute for the traditional banking sector;
- Important for institutional investors;
- Liquidity of the economy;
- Various factors affect the stock market;



# INSTITUTIONAL INVESTORS, ECONOMIC GROWTH AND CAPITAL MARKETS

- Participation of institutional investors in capital markets increases as the economy develops;
- In period of financial crisis, institutional investors become very relevant financial institutions;
- Institutional investors funnel the savings to firms and entrepreneurs that need finance;



# EMPIRICAL ANALYSIS

- The aim is to determine the effect of capital markets on economic growth;
- European Union;
- Dependent variable: GDP growth
- Independent: Market Capitalization of all listed domestic companies;
- Period of analysis: 2006-2020
- Annual data;
- World Bank database;
- E-views platform;



## CONCLUSION

- Economic growth of a country can be deeply affected by the performance of the stock market.
- Institutional investors-investment in capital markets;
- The higher the amount of investments in the capital markets, the higher are the chances for their growth;
- Opportunities for further research;