The impact of GNP, economic growth rate and interest rate on financial market performance: A comparative study between the Saudi and the Egyptian Financial market

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Gross National Product, Growth Rate, Interest Rate, Financial Market, Stock Market Index.

Abstract

The aim of this paper is to reveal the impact of the economic variables (gross national product, growth rate and interest rate) on the performance of the Saudi and Egyptian financial markets as indicated by the trading market index. The problem of this study lies in analyzing the effect of quantitative economic variables on the performance of the financial markets in the Kingdom of Saudi Arabia compared to Egypt. The hypothesis used the descriptive and the statistical methodology.

The research reached that the economic variables explain 94% of the changes that occur in the Saudi financial market, and 57% of the changes that occur in the Egyptian financial market. The interest rate had a negative impact on the Saudi and the Egyptian financial markets, and the growth rate and gross national product have a positive impact on the Saudi and the Egyptian financial markets. The most important recommendations are linking the tools of economic policies to the analysis of financial markets, providing liquidity for the financial system, and reducing compulsory reserve requirements in banks in order to achieve stability in financial markets.

Introduction

Financial markets play a very important role in economic life, especially in developed and developing countries. Rather, they are considered one of the pillars of the economic system, through the functions that stock exchanges perform, such as mobilizing savings, allocating investment, and others. There is a close relationship between economic variables and the performance of the financial markets, as some studies have dealt with the relationship between the movement of trading in the stock market on the one hand, and the movement of macroeconomic variables on the other hand (Ali and Balhamri, 2015). A study (Al-Jarrah and Muhammad Abdullah, 2011) indicated that the Kingdom Saudi Arabia is characterized by a unique relationship between the government budget and monetary policy (the central bank), which leads to an increase in the volume of money (Money Stock). The reason for this close relationship is that in the absence of a developed financial market, the only source of financing the budget deficit, or depositing surplus revenues, will be through the Monetary Agency, which will affect monetary policy. As a result of the fluctuation in oil prices, the country's decision-makers resorted to activating the role of the stock market to support development and economic growth (Nasr Taha, 2016).

On the other hand, we find that the Egyptian economy before the 90s, despite its application of the economic openness program, which relied on market forces and its indicators, and assigning the management of the economy to state ownership of most of the means of production over various economic activities. Dependence on market forces, which led to a decrease in the gross domestic product (Namareq, 2017).

Many studies have highlited the existence of a relationship linking the development of the performance of the stock market and economic growth, and in general the Arab financial markets remain in their entirety newly established, limited in their performance and deficiencies in the legislative frameworks regulating their work compared to developed countries and emerging markets (Saleh, Saray,

2017). This study comes in sub-headings that start with the conceptual framework and previous studies, the methodological framework, then the applied study, and finally the conclusion.

First: the conceptual framework and previous studies:

Defining the variables of the study represented in gross national product, economic growth, interest rate, and financial markets. This is done by studying the concept of each variable, its types and indicators of its measurement.

Gross National Product (GNP):

The difference between the gross domestic product and its national counterpart is that the first counts what was produced within the national borders regardless of the nationality of the producer, and the national counterpart counts what was produced by national resources wherever they are on the surface of the earth . Thus, it can be obtained from the first by adding what is called net factor income, that is, by adding the income of national resources that are abroad and subtracting the income of foreign resources that are inside, (Qablan, 2021). Gross domestic product can be calculated at market prices or by the expenditure method. It is the sum of final expenditures at purchase prices, including exports, valued at delivery prices on ships (FOB) minus imports. It includes government final consumption expenditure, which is the value of what the government spends on producing goods and services, i.e. it is equal to The value of the government's total production minus the total value of sales and self-consumed, taking into account that the total value of government production is equal to the sum of the value of intermediate consumption of goods and services, employee compensation values, depreciation of fixed capital, and net indirect taxes. (Alghanim, 2004). The national product is measured in two ways: (Manual of National Accounts, 2005)

Spending method = consumer spending + total investment spending + government spending + ve net exports.

- Market price method = national income + net indirect taxes
- Net indirect taxes = indirect taxes - production subsidies

Economic Growth

The concept of economic growth is a quantitative concept that expresses the increase in production in the long run, and defines economic growth as: "the increase achieved in the long run in the country's production." We can also refer to the concept of economic expansion as the circumstantial increase in production, and therefore we can say that economic growth is a platform for successive economic expansion. Growth can also be accompanied by economic progress if the growth of the national product is greater than the growth rate of the population, or it may not be accompanied by economic progress if the growth rate of the national product is equal to the population growth rate, while if the population growth rate is higher than The rate of growth of the national product, then the growth is accompanied by a regression of the economy (Dabla, 2004).

On the other hand, Simon Kazant (who won the Nobel Prize in Economics in 1971) defines economic growth as: "a long-term rise in the possibilities of supplying increasingly diverse economic goods to the population, and these growing capabilities are based on advanced technology and the institutional and ideological adaptation required for it." The important thing in this definition is that it narrows the gap between economic growth as an automatic act and economic development as a voluntary act. Sustainable economic growth is the result of policies, institutions, and structural and scientific changes (Ahmed, 2013).

Economic growth is defined as an increase in gross domestic product, and this increase usually results from a combination of population growth and increased production per capita, and therefore any increase in gross domestic product is usually accompanied by economic growth defined as a process of rising per capita GDP (Raditsky, 2003). More precisely, growth can be defined by the increase in the total

internal income of the country with all that it achieves in terms of the increase in per capita real income, (Maqawsi, Jamouni, 2010).

Development is a comprehensive concept that has many economic, social, cultural, religious and moral aspects, not only an increase in per capita income, and the rate of economic growth is equal to the rate of growth of total income minus the rate of population growth. The real economic growth rate is calculated by deducting the rate of inflation from the rate of increase in individual monetary income (Attiyah, 1999).

The study used the terms economic growth and economic development as synonyms, but he often distinguishes between them, so the first is used to refer to manifestations or indications of economic progress, particularly the increase in real national income or average income, and the second is used to refer to the basic changes that lead to progress. In particular, the change in the economic structure, which usually accompanies the growth of real income in the long run, such as the change in the ratio of industrial or agricultural output or output from the services sector to the total national product, the change in the ratio of workers in agricultural production to the total number of workers, and the change in the ratios of saving and investment to national income. And in the prevailing type of productive art, (Abdul Wahed, 2007).

It is measured by output growth and per capita income growth (Harrison, Charles, 1966).

The national product: It is a measure of the outcome of productive activity and calculating its growth rate is what is termed the growth rate. A country has its own national currency, and therefore it is not possible to compare the growth achieved in different countries according to this metric, and therefore one international currency is not often used to evaluate the national output of different countries, in order to facilitate comparison between the growth rates achieved in them.

Average per capita income: This is the most widely used and valid criterion for measuring economic growth in most countries of the world. However, in developing countries there are difficulties in measuring per capita income due to the lack of accuracy of population and individual statistics. There are two ways to measure the rate of growth at the individual level, namely:

The simple growth rate method: measures the rate of change in average real income from year to year.

The central growth rate method: measures the annual growth rate of income as an average over a relatively long period of time.

Types of Growth Rates: (Bin Albar, 2011)

A- Extensive Croissance: This type of growth is represented by the fact that income growth takes place at the same rate as population growth, meaning that per capita income is static.

B- Intensive economic growth: This type of growth is represented in the fact that income growth exceeds population growth, and thus per capita income increases.

One of the measures of growth rate is the increase in real national income in the long run, i.e. by excluding the change in value and cyclical fluctuations in national income. The criterion of economic growth is often taken as the increase in national income attributed to the increase in population, i.e. the increase in average real income (Abdul Wahed, 1993).

Interest Rate

The interest rate is the price of usage of investor's capital in an agreed upon time limit, and that price varies according to the period, whether it is monthly or annual, and according to the amount borrowed. The longer the borrowing period, the greater the risk potential. Accordingly, the interest rate is determined by the agreement of the lender and the borrower and based on supply and demand, because an increase in the supply of capital will lead to a decrease in the interest rate and vice versa. Accordingly, the amount of money and its turnover rate have a role in the amount of money offered, just as the financing, conservative and speculative motives have a role in determining demand. On money (Ali, Al-Essa, 2004).

In addition, the interest rate is the return on investing money for a specific period of time in return for the lender's waiver of disposing of his money throughout the period of calculating the return, which is often annual. The interest rate is the price paid by the Central Bank on deposits of commercial banks, whether it is an investment for one night or for a period of one month or more. This rate is an indication of the interest rates of commercial banks, which should not be less than the rate of the central bank, and the interest rate helps the central bank to control the money supply in circulation by changing this rate up and down in the medium term. Raising interest means curbing borrowing and thus reducing the liquidity ratio in the market, which leads to lowering the rate of inflation (high prices) (Shaways, 2011).

Interest rates are determined based on the forces of supply and demand. If the demand rates increase for what is offered in terms of funds, it will lead to a rise in interest rates and at the same time it will work to reduce the lending rates in the economic circle. Interest rates are affected by the size of their rise and fall within the different financial markets, where the financial markets are interconnected because of the movement of funds within these markets. The interest rate responds to the forces of supply and demand. At the same time, markets with low interest expel capital, which results in a decrease in its supply, and this is a factor in the rise in the interest rate. The prosperity of the economic situation also results in a rise in interest rates, as interest rates tend to rise in every period in which economic institutions need financing in response to the increase in production required by the state of economic recovery, so the demand for capital increases, which raises the price (Omar and others., 2008).

Stock Market

Financial markets are not much different in essence from other markets, as products are bought and sold through them. But rather than exchanging vegetables, clothes, or computers for a local or national currency, financial markets focus on the buying, selling, and holding of securities and financial instruments in their various forms. Financial markets have expanded greatly over the past few decades, and now many types of financial instruments are offered. Thus, securities are generally known as a place where sellers and buyers of securities meet (Shawks, 2015).

It is also defined as "the markets that work to transfer savings from the surplus units and they and the investors to the deficit units and they are the borrowers in an organized manner with the aim of obtaining a return with a degree of risk through the issuance and trading of long and medium-term financial instruments (Abu Khalaf, 2018).

It is also defined as :"that market that enables investors to trade among themselves in the securities that were previously issued in the primary market, (Khudairy, 2020 AD). Stock markets is that market in which long-term financial investment instruments such as stocks and bonds are traded. Its importance in encouraging capital investment and providing long-term financing to projects that need a long period, and it is divided into two types of markets (Ben Daas, 2018).

First- Present or spot markets: Dealing in these markets is in medium and long-term financial assets, and its main function is to collect savings and then distribute them towards long-term investment. These markets are divided into (the primary market and the secondary market).

Second- Futures markets: They are markets in which an agreement is made on the price and the asset sold or bought immediately, provided that the receipt or delivery takes place later. Wide interest, as derivatives are considered one of the important developments in the forms of investment, (Abu Musa, 2010).

Indices vary in their objectives and methods of construction in the financial market, where two types of indices are used. First, general indices, which measure the state of the market in general, such as the Dow Jones index and the Standard Endowment index. sectoral indices: which measure the market condition in relation to a specific sector, such as the Nasdaq Composite Index, which is an index 500 American industrial companies whose shares are exchanged through the platform, (Latif, Saad, 1998).

Market index: "It is an average numerical value by which the outcome of the positive and negative changes in the stock prices of the companies included in the index is measured. It is used to express the performance of the market as a whole or a sector thereof if the sample is representative of a specific sector

only and not the reason for the performance of the stocks of the companies included in its calculation." (Body Wakin) that it is an indicator that measures stock prices in general and on a daily basis. This is done by calculating the sum of stock prices multiplied by the size of the company in the market. The result is positive when the number of high-priced stocks is higher than the number of low-priced stocks during the same day (Bodie Z, Marcus, 1995).

The following can be detailed in the market index for the following types: (Bodie Z, Marcus, 1995)

Price-weighted market index:

It is about average sum of the stock prices in the financial market divided by the number of companies represented and selected by the market according to indicators related to the performance and impact of the shares of these companies in the market, such as the TASI market.

• Index weighted by market value:

It is the index that is weighted by the market value of the shares, taking into account the number of shares of the selected company, i.e. the capitalization rate of the shares and the share price of each company in the market.

• Indicator weighted with equal weights:

This index is based on the assumption that the investment should be in equal amounts in the stocks that make up the index, and thus we give equal weights of the invested amounts for each selected stock.

• Index based on relative prices:

It is based on the idea of determining the relative return for each share of the stocks that make up the index, as the relative return is calculated by dividing the share price the next day minus the share price on the first day by the price on the first day.

Literature review

Many studies have dealt with the relationship between economic variables and financial markets, Some study the relationship between the general index of the Saudi capital market and the variables of the Saudi national economy represented in gross domestic product(Mareer, 2002), inflation rate, annual average interest rate, and total exports. , Total Imports Money Supply, Bank Credit, Total Demand Deposits in Foreign Currency, Total Demand Deposits in Local Currency, Capital Formation, Government Expenditure, Annual Average Oil Price, Annual Average Per capita Income, Total State Public Revenues, Total State Public Expenditure, Average Annual exchange rate, time variable. The study concluded that there are relationships of varying strength and direction between the variables of the Saudi national economy and each other. There are also strong correlations between the variables of the Saudi national economy and the general index of the Saudi capital market, and that the variables of the Saudi national economy explain (87) % of the total changes that occur in the index. General of the Saudi capital market. It concluded with a proposed model that measures the impact of economic variables on the general index of the Saudi capital market. As for the study (Deeb, 2002), it aimed to identify the most important factors affecting market values, including the domestic product. The study concluded that there is a statistically significant relationship between the gross domestic product and the market values of stocks. As for the study (Walter, 1989), which aimed to estimate the impact of economic variables on stock prices for three European countries: Germany, Switzerland, and Britain, based on quarterly data during the period (1977-1985), the study dealt with the following economic variables (Gross National Product, Gross National Product, Money supply in its narrow sense, monetary base, real exports and industrial production, consumer prices, real wages, import prices, nominal interest rate, real interest rate, consumption rate, and exchange rate).The study concluded that British stock prices are affected by nominal wages and nominal interest rates. German stock prices are affected by consumer prices and narrow money supply, and German stock prices are affected by consumer prices, narrow supply, and nominal interest rates, while Swiss stock prices are affected only by real consumption.

Other studies dealt with the relationship between economic growth and financial markets, and the results of most of these studies came to support the positive role of the stock market in increasing the growth rate of per capita GDP and investment. And the positive impact of banking sector variables on

gross fixed capital formation, (Mubaraki, 2015). And the study (Maqlaty, 2015), which concluded that there is a direct relationship between the growth rate and the performance of the capital market, and therefore the growth rate can be used to predict the movement of securities in the Saudi capital market. As for the study (Hussein, 2019), it examined the impact of economic growth on the market value and trading indicators in the Amman Financial Market during the period (1978-2013). Economic theory and many previous studies in the field judge the existence of a direct relationship between economic growth and financial market indicators, and therefore economic growth can be used as a basic variable to predict the movement of securities in the Amman Stock Exchange.The study (Hassan al-Mawla, 2011) aims to study indicators that measure the liquidity of the stock market and its impact In economic growth, I concluded that the liquidity provided by the stock market does not have a significant effect on the economic growth of the research sample countries. in some countries.

The study (Alburaythin, 2016) indicated that there is a strong relationship between financial markets and interest rates, and this relationship results from considering the role played by the financial market as nothing but an extension to the role played by companies in the economic arena. The specter of vulnerability to fluctuations in interest rates, meaning that the relationship is positive in periods and negative in some periods, which requires policy makers to have an insight into the effectiveness of monetary policy operations (through changes in interest rates) to stimulate financial markets. And the study of (McMillan, 2005), which aimed to explain the relationship between the stock market index, output and interest rates in the stock market in the United States of America. The study found that there is a positive correlation between the stock price and industrial production and that there is a negative correlation between the stock and interest rates. The study (Boyer & Filion, 2004) aimed at estimating the relationship between oil sector stock returns as a dependent variable and independent variables such as interest rates, market returns and oil prices. Using the Generalize method, the study found that the returns of this sector are positively consistent with market returns and oil prices, and in any case, these returns are inversely in line with interest rates.

Saudi money market

The financial market arose in Saudi Arabia with informal beginnings in the fifties, and the situation continued until the government put in place the basic regulations for the market in the 80s. Under the "Capital Market Law" issued by Royal Decree No. (M/30) dated 6/2/1424 AH, the Capital Market Authority was established. It is a governmental body with financial and administrative independence and reports directly to the Prime Minister. The Authority shall supervise the regulation and development of the financial market, and issue the regulations, rules and instructions necessary to implement the provisions of the Authority.

The financial market system with the aim of providing an appropriate climate for investment in the market, increasing confidence in it, ensuring appropriate disclosure and transparency of the joint-stock companies listed in the market, and protecting investors and securities dealers from illegal activities in the market. (https://www.saudiexchange.sa)

The Saudi stock market is one of the newly emerging markets. Dealing with it began when the first joint-stock company in the Kingdom of Saudi Arabia - the Arabian Motors Company - was established in 1354 AH (1935). With the rapid growth of the Kingdom's economy and the Saudization of foreign banks, the establishment of joint-stock companies and banks accelerated, which reached 122 companies by the end of the first half of 2008. The trading of shares in the Saudi market was initially carried out directly and immediately between the seller and the buyer, and with the continuation of growth. An electronic system known as the “Tadawul” system was launched in the year 1422 AH (2002) that allows for immediate registration, trading, clearing and settlement of shares, and is directly linked to Saudi commercial banks and receives buying and selling orders and Shares And then execute deals and transfer and transfer ownership of shares in an automated and accurate manner. In the year 1424 AH (2004) the Financial Market Law was approved, and one of its most prominent features was the establishment of the (Capital Market Authority) to undertake the tasks of regulating and developing the market, regulating

the issuance and monitoring of securities, protecting investors, achieving justice, sufficiency and transparency, regulating and monitoring the disclosure of information and others. The system also included the establishment of a market for trading securities in the name of the Saudi Stock Exchange (Tadawul System), (Capital Market Authority, Financial Investments and Stock Markets, 2022).

The most important main market indices in the Kingdom of Saudi Arabia The index ((TASI)) is an index that measures the level of performance in the Saudi stock market. Its name is composed of the first letters of the name of the index in English, All Tadawul, and the number is calculated as an average weighted TASI (Index Share) for the stock prices of companies operating in the market. It is one of the most important market indices. It is a leading index for all stocks in the market, and includes all eligible stocks listed on Tadawul. It includes The methodology for calculating the index is the securities available for trading in Tadawul The indices with an upper limit (the main market index TASI and the parallel market index Nomu upper limit) include a maximum limit applied to all components of the index based on the weights of companies determined by their market value The indices with the upper limit are used To limit the control of large companies over the index, the value of the indices with the upper limit is calculated according to the following equation: (Saudi Stock Exchange, Tadawul Indexes Methodology)

Index value = (sum of today's free float cap market values/previous day's sum of cap free float market values) x index value for the previous day).

Where: the market value of the upper limit of the free float shares = the sum of (the market value of the free float shares of company A x the coefficient of the upper limit) + (the market value of the free float shares of company B x the coefficient of the upper limit) + ... and so on for all the companies included in the index.

Upper Limit Coefficient: It is a derivative coefficient used to reduce the free market value in an index. The weights of all components of the index remain under a maximum limit, which is applied at the component level. With the application of the upper limit coefficient, a ceiling is placed on the weights of large companies and the surplus weight is distributed among the remaining index components so that the total weight of the index components remains at 100%.

Egyptian financial market

The establishment of the Alexandria Stock Exchange In the year 1883, the (first futures) exchange was established in Alexandria. In 1899, during the reign of Khedive Abbas II, the Stock Exchange moved to a new building on Muhammad Ali Street. In the year 1902, the Syndicate of Brokers was established, and its law became the regulator of transactions in the stock exchange. The beginning of the Cairo Stock Exchange in the year 1903, a company in the name of the Egyptian Company for Banking Business and the Stock Exchange was formed as a limited liability company from some capital owners and brokers for this purpose. During the year 1903, the old building of the Ottoman Bank (which is now the Groppi Building - Adly Branch) located on Al-Maghrabi Street was chosen as the official headquarters of the company. Then the Securities Brokers Syndicate set some rules to regulate the affairs of the profession, including the system of accepting brokers in the stock exchange, the conditions for accepting securities for dealing and their registration in Price schedules, controlling the principles of transactions, adjudicating disputes between brokers and examining complaints filed against them by the public. And during the year 1908, Cairo became a real trading platform through which the interested public could monitor the movement of stock trading. This building was built in front of the French Consulate. Then the issuance of the first law to regulate the stock exchanges on November 8, 1909, (www.egx.com).

Among the main market indices: On the Egyptian Stock Exchange, the EGX 30 Index (formerly known as the CASE 30 Index) is an index that was designed and calculated by the Egyptian Stock Exchange, which began publishing its data as of February 2, 2003 through data promoters, stock bulletins, and the Stock Exchange website on the Internet. , and newspapers. Then, the Egyptian Stock Exchange launched an index of equal weights EGX70 - EWI EGX70 on February 02, 2020, with the aim of diversifying tools for measuring market performance in front of different categories of investors, and in line with international best practices in the field of managing stock market indices. Each company listed

in the EWI EGX70 index gets the same relative weight, which is about 43.1% on the first day of the periodic review (The Egyptian Stock Exchange, Egyptian Stock Exchange Index Rules, 2022).

Second: The methodological framework of the study:

Study problem and questions:

The problem of this study lies in studying and analyzing the impact of financial variables on the performance of the financial markets in the Kingdom of Saudi Arabia compared to Egypt, and based on the above, the researcher can formulate the research problem in the following research question: What is the impact of financial variables on the performance of the Saudi capital market compared to the Egyptian capital market?

Several sub-questions emerge from this research question, which the study answers, as follows:

1. Does the gross national product have a major role in influencing the performance of the Saudi and Egyptian capital markets?

2. Does economic growth have a major role in influencing the Saudi and Egyptian capital markets?

3. Does the interest rate have a major role in influencing the Saudi and Egyptian money market?

Study form:

To answer the questions of the study, the model is tested that reflects the performance of the Saudi and Egyptian capital markets, so that the study model is that the performance of the capital market is expressed by the value of the capital market index, whether Saudi or Egyptian, and it is a function in which a group of economic variables are as follows:

Saudi stock market index model

The mathematical form of the proposed model for estimating the study model and estimating the parameters of the model to test the study hypotheses is as follows:

$$MI = \alpha + \beta_1 * GNP + \beta_2 * INT + \beta_3 * EG + \mu$$

whereas:

MI: stands for Market Index. α: Refers to the coefficient of the fixed limit, which represents the minimum performance of the money market "according to the market trading index."

β: Parameters of regression of economic variables on the index of the trading market

GNP: Gross National Product.

INT: denotes the interest rate (rate). EG: economic growth.

μ: indicates the random error limit (residual) and expresses the effect of other variables affecting the dependent variable that were not included in the model.

Objectives of the study

In the light of defining the problem of the study, the study aims to reveal the impact of the change in the selected economic variables, which are the gross national product, the growth rate and the interest rate, on the performance of the Saudi and Egyptian financial markets in terms of the index of the trading market.

The Hypotheses

The hypotheses of the study under test are represented in a number of research hypotheses, which were formulated in the main hypothesis:

There is no difference in the impact of economic factors on the performance of the money market in the Saudi market compared to the Egyptian market.

And sub-hypotheses:

a. There is no statistically significant effect of the interest rate on the Saudi money market index and the Egyptian money market.

c. There is no statistically significant effect of the economic growth rate on the Saudi finance market index and the Egyptian finance market.

Dr. There is no statistically significant effect of the gross national product in the Saudi finance market index and the Egyptian finance market.

The methodology

This study follows the descriptive analytical approach. The qualitative analysis describes the relationship between macroeconomic variables and the performance of financial markets, while clarifying the characteristics of this phenomenon, as the phenomenon of macroeconomic variables and financial markets and the relationship between them was described, with an exposure to their characteristics, while the quantitative expression gives us a numerical description that shows the level of the phenomenon. For example, "Factors Affecting the Amman Financial Market and the Doha Financial Market" (Al-Amly, 2022).

Third: the findings of the study and the discussion

The following are the results of data analysis and loan testing, where the study variables are first described for each of the trading market index, growth rate, interest rate and inflation rate in addition to the gross national product variable, then the results of estimating the models and tests of the study hypotheses are presented.

Descriptive statistics of variables:

The ready-made statistical programs and packages were used, represented by the E-views program and the SPSS program. The statistical description of the variables and data analysis came through the indicators of the arithmetic mean, minimum, maximum and standard deviation for each of the trading market index, growth rate and interest rate, in addition to the variable of gross national product.

Table No. (1) Description of the study variables during the period (2011-2020)

Statistical properties		The stock market (indexMI).	interest rate (INT)	growth rate (EG)	(national product GNP).
Average	Saudi	7,245,689	0.014530	0.02550	726.8700
	Egypt	9360.059	0.133300	0.03644	280.1210
minimum	Saudi	5,798,390	0.006900	-0.0414	590.3000
	Egypt	3,622,350	0.098000	0.01760	216.7800
maximum	Saudi	8605.340	0.026300	0.10000	833.54 10
	Egypt	15023.76	0.196000	0.05560	325.2000
standard deviation	Saudi	934.7138	0.007201	0.03780	64.52715
	Egypt	3,942,187	0.031669	0.01331	32.37485
coefficient of difference	Saudi	12.90027	49.55953	148,255	8.87740
	Egypt	42.11712	23.75769	36.5340	11.55745
skewness	Saudi	0.216983	0.576327	0.20671	-0.91254
	Egypt	0.146141	0.945430	-0.0209	-0.551189
kurtosis	Saudi	1.920314	1.713973	3.20310	2.942246
	Egypt	1.593815	2.683046	1.69489	2.591700
Garcupera statistic	Saudi	0.564187	1.242700	0.08840	1.389281
	Egypt	0.859493	1.531587	0.71043	0.575810
M. Garcupira morale	Saudi	0.754203	0.537219	0.95676	0.499254
	Egypt	0.650674	0.464965	0.70102	0.749833
The number of years		10	10	10	10

Source: prepared by the researcher based on the results of data analysis.

Table (1) shows the following:

1. When comparing the Saudi and Egyptian trading market index during the years (2011-2020), we note that the general average performance of the Saudi trading market index during the study period is estimated at (7,245.689) million Saudi riyals, with a minimum of (5,798.39 million riyals) in the year (2019) and a maximum ((8,605.34) in the year (2014), with a standard deviation of (934.7138) million riyals, and

that the skew coefficient was estimated at (0.216983), which is very close to zero, which indicates that the data has little skew, as was the kurtosis coefficient (1.920314), which is close to (3), and this indicates the moderation of the data distribution of the Saudi stock market index under study, and this confirms that the Garco Pira statistic to measure the level of moderation of the data distribution was estimated at (0.564187) at a significant level (0.754203).As for the Egyptian stock market index, we find that the general average The performance of the Egyptian stock market index during the study period is estimated at (9,360.059) million, with a minimum of (3,622.350) million pounds in the year (2012) and a maximum of (15,023.76) in the year (2018), with a standard deviation of (3,942.19) million pounds, and the torsion coefficient was estimated at (0.146), which is very close to zero, which indicates that the data has a slight distortion, as was the kurtosis coefficient (1.59), which is close to (3), and this indicates the moderation of the data distribution of the Egyptian stock market index under study, and confirms that the statistic Jarko Bira to measure the level of moderation of data distribution was estimated at (0.86), with a significant level (0.65), And since the time series for each of the Saudi and Egyptian trading market indices for the sake of further comparison. The coefficient of difference can be used to compare the dispersion of the Saudi and Egyptian trading market indices, and the index that has a larger coefficient of difference is more dispersed than the other, from the above table we find that the coefficient of difference for the Saudi market trading index It is equal to (12.9) while the coefficient of difference for the Egyptian market trading index is equal to (42.1) and it is noted that the coefficient of difference for the Egyptian market trading index is greater than the coefficient of difference for the Saudi market trading index, which indicates that the change in price will be at a faster pace in the Egyptian trading market.

2. When comparing the interest rate in the Saudi and Egyptian markets, it is noted that the general average interest rate in the Kingdom of Saudi Arabia during the study period is estimated at (0.015) with a minimum of (0.69%) in the year (2011) and a maximum of (2.63%) in the year (2019) , and with a standard deviation (0.007), and the skewness coefficient was estimated at (0.576), which is very close to zero, which indicates that the data has little skewness, as was the kurtosis coefficient (1.714), which is close to (3), and this indicates the moderation of the distribution of private data The interest rate in the Saudi economy under study, and this confirms that the Jarko Pira statistic to measure the level of moderation of data distribution was estimated at (1.24) at a significant level (0.537).As for the interest rate in the Republic of Egypt, we find that the general average of the interest rate in the Egyptian economy during the study period It is estimated at (0.133), with a minimum of (9.8%) in the year (2020) and a maximum of (19.6%) in the year (2017), with a standard deviation of (0.032), and that the torsion coefficient is estimated at (0.945), which is very close to zero, which indicates The data has a slight distortion, as the kurtosis coefficient reached (2.68), which is close to (3), and this indicates the moderation of the distribution of interest rate data in the Egyptian economy under study, and this confirms that the Jarko Bira statistic to measure the level of moderation of the data distribution was estimated at (1.532) at a significant level of (0.46), As for the coefficient of difference for the interest rate in the Kingdom of Saudi Arabia equals (49.56) while the coefficient of difference for the interest rate in the Republic of Egypt is equal to (23.76) and it is noted that the coefficient of difference for the interest rate in the Saudi economy is greater than the coefficient of difference for the interest rate in the Egyptian economy, which indicates that the dispersion in The Saudi interest is greater than the dispersion in the Egyptian interest rate.

3. The growth rate of the Saudi and Egyptian economies during the period (2011-2020) Table (1-4) shows that the general average of the growth rate in the Saudi economy during the study period is estimated at (0.026) with a minimum of (-4.14%) in the year (2020) with a maximum of (10%) in the year (2011), with a standard deviation of (0.0378), and the skewness coefficient was estimated at (0.20671), which is very close to zero, which indicates that the data has little skewness, as was the kurtosis coefficient (3.2031), which is close to (3), and this indicates the moderation of the distribution of the data on the growth rate in the Saudi economy under study, and confirms that the Jarko Pira statistic to measure the level of moderation of the data distribution was estimated at (0.0884) at a significant level (0.957).As for

the growth rate in the Egyptian economy, we find The general average of the growth rate of the Egyptian economy during the study period is estimated at (0.036) with a minimum of (1.76%) in the year (2011) and a maximum of (5.56%) in the year (2019), with a standard deviation of (0.013), and the torsion coefficient is estimated at (-0.021), which is very close to zero, which indicates that the data has a slight distortion, as was the kurtosis coefficient (1.69), which is close to (3), and this indicates the moderation of the distribution of data on the growth rate in the Egyptian economy under study, and confirms that The Jarko Pira statistic to measure the level of moderation of data distribution was estimated at (0.719) with a significant level of (0.701). From the table above, we find that the coefficient of difference for the growth rate of the Saudi economy is equal to (148.26), while the coefficient of difference for the growth rate of the Egyptian economy is equal to (36.53). The growth of the Saudi economy is greater than the coefficient of difference for the rate of growth of the Egyptian economy, which indicates that the change in the growth of the Saudi economy will be at a faster rate than that of the Egyptian economy.

4. Compare The gross national product in the Saudi and Egyptian economies during the period (2011-2020). In the year (2019), with a standard deviation (64.527), and the skewness coefficient was estimated at (-0.913), which is very close to zero, which indicates that the data has little skewness, as was the kurtosis coefficient (2.94), which is close to (3), and this Refers to the moderation of the distribution of the data of the Saudi gross national product under study, and this is confirmed by the Jarko Bira statistic to measure the level of moderation of the data distribution estimated at (1.39) with a significant level of (0.49).As for the development of the gross national product of the Egyptian economy, we find that the general average of the national product The Egyptian total during the study period is estimated at (280.12) with a minimum of (216.78) in the year (2011) and a maximum of (325.2) in the year (2016), with a standard deviation of (32.37), and the torsion coefficient is estimated at (-0.55), which is very close to zero, which indicates that the data has a slight distortion, as was the kurtosis coefficient (2.59), which is close to (3), and this indicates the moderation of the distribution of data on the gross national product in the Egyptian economy under study, and this confirms that the Jarko Bira statistic is used to measure the level of moderation of the distribution The data was estimated at (0.58), with a significant level (0.75). From the above table, we find that the coefficient of difference for the gross national product in the Saudi economy is equal to (8.88), while the coefficient of difference for the gross national product in the Egyptian economy is equal to (11.56) and it is noted that the coefficient of difference for the Saudi gross national product is less than the coefficient of difference for the gross national product in the Egyptian economy, which indicates the change in the output of the Egyptian economy will be faster than that of the Saudi economy.

Testing the stability of the time series of the study variables

Often, time series data is affected by the presence of a general trend that affects all variables. This effect may be in the same direction or in an opposite direction, which leads to instability. The instability characteristic is related to the passage of time on the internal variables of the model. Time series may have Stable trend TS or stable divergence DS.

The stability of the time series was tested using the Phillips-Peyron test, and the following table shows the results of the Phillips-Peyron test for all model variables in the level and at the first difference with categorical and without categorical, and with a vector and secant.

Table No. (2): Testing the stability of the variables using the Phillips-Peyron test

variable		Level			First difference			Second difference			Comment on the stability test result
		Breaker	Vector and breaker	Not breaker	breaker	Vector and breaker	Not breaker	breaker	Vector and breaker	Not breaker	
critical value	5%	**-3.259**	**-4.108**	**-1.988**	**-3.321**	**-4.246**	**-1.996**	**-3.403**	**-4.450**	**-2.006**	
	10%	**-2.771**	**-3.515**	**-1.600**	**-2.801**	**-3.590**	**-1.599**	**-2.842**	**-3.701**	**-1.598**	
The stock market index (MI).	Saudi	**-2.568**	**-2.103**	**1.038**	**-2.536**	**-1.698**	**-2.878**	**-2.151**	**-1.103**	**-2.686**	at the second difference I (2)
	Egypt	**-0.429**	**-7.531**	**-1.211**	**-7.717**	**-6.755**	**-3.311**	**-**	**-**	**-**	at the first difference I(1)
interest rate (INT).	Saudi	**-1.654**	**-1.131**	**-0.449**	**-2.270**	**-1.889**	**-2.581**	**-3.534**	**-6.027**	**-**	at the second difference I (2)
	Egypt	**-5.338**	**-0.535**	**-0.361**	**-1.223**	**-1.373**	**-1.404**	**-2.526**	**-3.549**	**-2.632**	at the second difference I (2)
	Egypt	**-1.888**	**-0.021**	**0.091**	**-0.181**	**0.849**	**-1.296**	**-1.161**	**-1.753**	**-1.479**	Unstable even at the second
growth rate (EG).	Saudi	**-1.435**	**-5.279**	**-3.360**	**-3.188**	**-**	**-**	**-**	**-**	**-**	Stable in plane I(0)
	Egypt	**-1.957**	**0.922**	**0.081**	**-0.162**	**0.784**	**-1.269**	**-1.231**	**-1.906**	**-1.523**	Unstable even at the second
Gross National Product (GNP).	Saudi	**-2.793**	**-2.361**	**0.693**	**-2.466**	**-1.907**	**-3.429**	**-1.215**	**-0.012**	**-1.303**	Unstable even at the second
	Egypt	**-2.520**	**-1.798**	**0.872**	**-1.484**	**-0.644**	**-1.444**	**-1.663**	**-1.873**	**-1.922**	at the second difference I (2)

Source: prepared by the researcher based on the results of the statistical analysis.

The stability of the time series is determined by comparing the absolute value of the values calculated for the test with the critical values (tabular values) at the level of significance (5%) and (10%). If the calculated value is greater than the tabular value, the series is stable, and vice versa, through the results The Phillips Peron (PP) test in Table 2 shows us the following results

* As a result of the stability of the variables of the Saudi stock market index model:

Through the results of the test, we find that the variable of the growth rate of the Saudi economy and the rate of Saudi inflation have stabilized at the level with the presence of a categorical and vector with the function, and therefore it is integrated from the degree of zero, while the variables of the study represented in (trading market index, interest rate) have settled at the second difference, so it is Integrated of the second degree, while the Saudi GNP variable did not stabilize even at the second difference, whether the function included a categorical or included a categorical and a general trend or without a categorical and without a general trend.

* As a result of the stability of the variables of the Egyptian market index model:

With regard to the data of the variables of the Egyptian trading market index model, we find that the Egyptian trading market index variable has settled at the first difference with the presence of a vector and a secant in the function, which means that it is integrated of the first degree, while the study variables represented in (interest rate, gross national product) in the Egyptian economy has settled in the second teams, so it is integrated from the first degree. While the growth rate in the Egyptian economy did not stabilize even at the second difference, whether the function included categorical or included categorical and a general trend or without categorical and without a general trend.

The results of estimating the study model.

Model estimation means finding the numerical values of the coefficients of the independent variables that show the nature and size of the relationship between the independent variables and the dependent variable using one of the estimation methods. To test the hypotheses of the study, multiple linear regression models were estimated using the method of least squares, which is characterized by linearity, efficiency, adequacy and impartiality, by following the method of squares. Ordinary least squares (OLS) for estimation, and the weighted least squares (WLS) method for addressing standard problems of the model.

The following is the estimation of the study models according to the hypotheses proposed for the study, while making sure of the conditions for estimating the model to ensure that the model is free of standard problems such as the problem of autocorrelation of error limits, the problem of multiple linear correlation between the independent variables in the model, the problem of variance and the problem of normal distribution of error limits.

Estimating the Saudi stock market index model

The mathematical form of the proposed model for estimating the study model and estimating the parameters of the model to test the study hypotheses is as follows:

The mathematical form of the Saudi stock market index model $MI = \alpha + \beta_1 * GNP + \beta_2 * INT + \beta_3 * EG + \mu$

The results of estimating the model using the ordinary least squares method. We notice that the model suffers from the problem of variance, as the probability value of the F-test was (0.0471). To treat the variance problem, the model was estimated using the weighted least squares method (WLS). The following table shows the results of the model estimation.

Table No. (3): Results of estimating the Saudi Market Index model using the (WLS) method

estimated model $MI = 6786.198 + 2.48 * GNP - 70352.93 * INT + 11339.94 * EG$					
variants	**regression coefficient**	**standard error**	**t statistic**	**Moral level**	**Pivot values for VIF**
fixed limit	6786.199	1587.84	4.273856	0.0052	NA
national product	2.48015	1.96244	1.263810	0.2532	6.304002
interest rate	*-0.070352*	*0.019794*	-3.554224	0.012	4.945765
growth rate	11.33994	3.213119	3.529262	0.0124	9.394089
Model estimation quality coefficients					
The modified coefficient of determination (AdjR2).		**The level of significance of the (modelF).**		**Predictability(Theil)**	
0.939478		0.000141		0.046363	
Testing the regression model estimation conditions					
Brosch statistic of variance (BPG).		**GarcupiraProb.(JB)**		**Darbin WatsonDW Test**	
0.7923		0.578912		1.73292	

Source: prepared by the researcher based on the results of the statistical analysis.

After completing the process of estimating the numerical values of the model's parameters through realistic data, the stage of evaluating the estimated parameters comes. What is meant by evaluating the estimated parameters is to determine whether the values of these parameters have a meaning or significance from the economic and econometric point of view (Atiyah, Abdel Qader, 2004).

Evaluation of the model in terms of the standard criterion: The researcher aims, through the standard criterion, to know the extent to which the hypotheses of the used standard methods are matched, and through the estimation results shown in Table (3), the estimation conditions of the regression model can be tested, as we note that the estimated model does not suffer from a correlation problem Multiple linear according to the inflation coefficient of variance test, where we find that all the axial values of the independent variables in the model are less than (10), which indicates that there is no problem of multiple linear correlation in the estimated model. The probability of the test is (0.58), which is greater than the level of statistical significance (0.05). The results of the Broch-Bagen and Godfrey test also indicated the homogeneity of the model's residuals, as the probability value of the test reached (0.79), which is greater than the level of statistical significance (0.05), which indicates that the model's residuals do not It suffers from the problem of difference in variance. The results of the Durbin-Watson statistic also indicated that the model's residuals do not suffer from the autocorrelation problem, as the value of the Durbin-Watson statistic reached (1.73), which is close to the standard value (2), which indicates that there is no autocorrelation for the model's residuals, and accordingly Estimation results can be accepted.

Evaluation of the model in terms of statistical and economic criterion: The model is evaluated according to the statistical criterion by evaluating the explanatory ability of the model and evaluating the significance of the model's features, while the evaluation of the model in terms of the economic criterion is done by testing the extent to which the estimated features' signals match the presumed prior signals of the estimated features, and by evaluating The quality of model reconciliation We find that the estimated model explains (94%) of the changes that occur to the Saudi financial market trading index, where the value of the modified determination coefficient was (0.94), which indicates the quality of the model estimate, and the value of the liquidity coefficient for Thayil was equal to (0.046), which is very close from zero, which indicates a high ability of the estimated model to predict, and by evaluating the estimated parameters, the following is evident:

1. The Saudi Stock Exchange Index has a positive value, as the value of the constant was (6786.199) at a significant level (.0052).

2. Changes in the value of the Saudi gross national product do not help explain changes in the Saudi stock market index, as the significance level reached (0.25), which is greater than the level of statistical significance (0.05) and (0.10), which indicates that there is no statistically significant relationship Between changes in the national product of the Saudi economy and the change in the Saudi stock market index.

3. Changes in the interest rate help explain changes in the Saudi stock market index at a significant level (0.0120), and the value of the interest rate parameter was (-0.07), which indicates an inverse relationship between the interest rate in the Saudi economy and the Saudi stock market index.

4. The change in the growth rate helps explain the changes in the Saudi trading market index has a level of significance of (0.0124), and the value of the growth rate parameter was (11.34), which indicates the existence of a direct relationship between the growth rate of the Saudi economy and the Saudi trading market index.

Estimating the Egyptian stock market index model

The mathematical form of the proposed model for estimating the study model and estimating the parameters of the model to test the study hypotheses is as follows:

The mathematical form of the Egyptian stock market index model

$$MI = \alpha + \beta_1 * GNP + \beta_2 * INT + \beta_3 * EG + \mu$$

The following table shows the results of model estimation.

Table No. (4): Results of estimating the Egyptian stock market index model using the weighted least squares method (WLS).

estimated model $LOG(MI) = 8.466 + 0.0026 * GNP - 2.953 * INT + 25.25 * EG$					
variants	regression coefficient	standard error	t statistic	Moral level	Pivot values forVIF
fixed limit	8.466091	1.018529	8.312073	0.0002	NA
national product	0.002646	0.00451	0.58671	0.5788	1.851277
interest rate	-2.953005	4.272744	-0.691126	0.0153	2.148030
growth rate	2.525267	1.160337	2.176323	0.0724	2.674157
Model estimation quality coefficients					
The modified coefficient of determination (AdjR2).		(The level of significance of the model F).		Predictability(Theil)	
0.568172		0.046187		0.016582	
Testing the regression model estimation conditions					
Brosch statistic of variance(BPG).		GarcupiraProb.(JB)		Darbin WatsonDW Test	
0.5857		0.510830		2.305978	

Source: prepared by the researcher based on the results of the statistical analysis.

After completing the process of estimating the numerical values of the model's parameters through realistic data, the stage of evaluating the estimated parameters comes.

Evaluation of the model in terms of the standard criterion: we note that the estimated model does not suffer from a multiple linear correlation problem according to the variance inflation coefficient test, where we find that all the pivotal values of the independent variables in the model are less than (10), which indicates that there is no multiple linear correlation problem in the model The estimator, as well as the Garcupera statistic, indicates that the model residuals follow the normal distribution, as the probability value of the test reached (0.51), which is greater than the level of statistical significance (0.05). It is greater than the level of statistical significance (0.05), which indicates that the residuals of the model do not suffer from the problem of difference of variance. Also, the results of the Durban-Watson statistic indicated that the residuals of the model do not suffer from the problem of autocorrelation, as the value of the Durban-Watson statistic reached (2.31), which is close to The standard value (2), which indicates that there is no autocorrelation of the remainder of the model, and therefore the estimation results can be accepted.

Evaluation of the model in terms of statistical and economic criterion: By evaluating the quality of model reconciliation, we find that the estimated model explains (57%) of the changes that occur to the Egyptian financial market trading index, where the value of the modified determination coefficient was (0.568), which indicates the quality of the model estimate, and the value of the liquidity coefficient came Thile is equal to (0.017), which is very close to zero, which indicates a high ability of the estimated model to predict, and by evaluating the estimated parameters, the following is evident:

1. The initial value of the Egyptian trading market index is a positive value, as the value of the constant reached (8.47) at a significant level (0.0002)، which indicates that the intrinsic or initial value of the Egyptian trading market index is a positive value.

2. The change in the Egyptian national product does not help explain the changes in the Egyptian trading market index, as the significant level of the Egyptian national product parameter reached (0.58)، which indicates that there is no statistically significant relationship between the Egyptian national product and the Egyptian trading market index during the study period.

3. The change in the interest rate of the Egyptian economy helps explain changes in the Egyptian trading market index, as the significant level of the interest rate parameter reached (0.0153), which indicates a statistically significant relationship between the interest rate in the Egyptian market and the Egyptian trading market index during a period the study.

4. The change in the growth rate of the Egyptian economy helps explain the changes in the Egyptian trading market index, where the probability value was (0.0724), statistically significant at the level of statistical significance (10%), which indicates the existence of a statistically significant relationship

between the growth rates of the Egyptian Economy and the Egyptian stock market index during the study period.

The following is a comparison of the results of estimating the Saudi and Egyptian trading market index models

Table No. (5): Comparing the results of estimating the Saudi and Egyptian trading market index models using the method of least squares weighted (WLS).

variants	Saudi stock market index model		Egyptian stock market index model	
	regression coefficient	Moral	regression coefficient	Moral
fixed limit	6786.199	0.0052	8.466091	0.0002
national product	2.48015	0.2532	0.002646	0.5788
interest rate	*-0.070*352	*0.019794*	-2.953005	0.0153
rate growth	11.33994	0.0124	2.525267	0.0724

Source: prepared by the researcher based on the results of the statistical analysis.

Through the results of Table No. (5), we note that the gross national product did not have any effect on the Saudi and Egyptian financial markets, and that both (the interest rate and the growth rate) had a significant impact on the Saudi financial market and the Egyptian trading market, as the economic growth rate It affects positively, while the interest rate affects negatively.

After studying the performance of the Saudi finance market and the Egyptian finance market and analyzing and measuring the impact of some economic variables represented in the variable (interest rate, economic growth rate, gross national product) on the performance of the finance market as measured by the Saudi finance market index and the Egyptian finance market index during the study period (2011-2020 AD) hypotheses will be discussed as follows:

The main hypothesis: There is no difference in the effect of economic factors on the performance of the finance market in the Saudi market compared to the Egyptian market.

Through the results of the estimation received for the models of the trading market in the Saudi market and the trading market in the Egyptian capital market, the hypothesis is accepted, which states that there is no difference in the impact of economic factors on the performance of the finance market, as measured by the Saudi market index from the Egyptian market.

The following is a discussion of the sub-hypotheses:

a. There is no statistically significant relationship between the interest rate and the Saudi finance market index, and the Egyptian finance market

Through the results of the analysis, it is noted that there is a negative effect of the interest rate on the Saudi trading market index, as the value of the interest rate parameter in the estimated model was (-0.07) with a negative sign and a significant level (0.01), which indicates the existence of an inverse relationship between the interest rate in the Saudi economy and the index. The Saudi trading market during the study period, and the value of the interest rate parameter in the Egyptian trading market model was (-2.95) and the probability value (0.0153) less than the level of statistical significance even at the level of significance (5%), which indicates the existence of a relationship between the interest rate in the economy Therefore, the changes in the interest rate in the Egyptian economy explain the changes that occur in the Egyptian money market, and then the null hypothesis is rejected and the alternative hypothesis is accepted, meaning that there is a statistically significant relationship between the interest rate and the Saudi finance market index, and the Egyptian finance market

B. There is no statistically significant relationship between the economic growth rate and the Saudi finance market index and the Egyptian finance market

The results of the analysis revealed that there is a positive effect of the growth rate on the Saudi trading market index, where the value of the economic growth parameter in the Saudi trading market model was (11.34), significant at a significant level (0.0124), which indicates the existence of a statistically significant direct relationship between the growth rate in the economy. Saudi Arabia and the Saudi

trading market index during the study period, and the effect of the growth rate in the Egyptian economy on the Egyptian trading market was (2.53) at a significant level (0.0724 m), which indicates the existence of a direct statistically significant relationship between the growth rate of the Egyptian economy and the Egyptian trading market index, which indicates There is a statistically significant direct relationship between the economic growth rate and the Egyptian stock market index at the level of significance of 10%, then the null hypothesis is rejected and the alternative hypothesis is accepted, meaning that there is a statistically significant relationship between the economic growth rate and the Saudi stock market index and the Egyptian finance market.

C. There is no statistically significant relationship between the gross national product and the Saudi finance market index and the Egyptian finance market.

Through the results of the analysis, the researcher concluded that the gross national product did not have any real impact on the Saudi and Egyptian finance markets during the study period, as the probability value for it in the Saudi finance market model was (0.2532) and (0.5788) in the Egyptian finance market model, which is greater. From the level of statistical significance even at the level of significance ((10%), which indicates that there is no statistically significant relationship between changes in the national product and changes in the finance market index. Then the null hypothesis is rejected and the alternative hypothesis is accepted, meaning that there is a statistically significant relationship between the national product, The total and the index of the Saudi and the Egyptian finance markets.

Findings and discussion

In order to study and in-depth analysis of the Saudi finance market and the Egyptian finance market and to analyze and measure the impact of some economic variables represented in the variable (interest rate, economic growth rate, gross national product), on the performance of the finance market as measured by the Saudi finance market index and the Egyptian finance market index during the study period (2011-2020 AD), where the study began with a descriptive analysis of the study variables, then tests to detect the stability of the variables using the Phillips-Peron test, and concluded that (the growth rate of the Saudi economy in the Saudi economy) is stable at the level, while the two variables (trading market index, interest rate) Stable at the second difference, while the variable (Saudi gross national product) did not stabilize even at the second difference, whether the function included a categorical or included a categorical and a general trend or without a categorical and without a general trend. As for the stability of the variables of the Egyptian trading market model, the variable (Egyptian trading market index) is stable at the first difference, while the variables (interest rate, gross national product) are stable at the second difference, while the variable (growth rate) in the Egyptian economy did not stabilize even at The second difference is whether the function includes a secant or includes a secant and a general direction or without a secant and without a general direction.

Then the model was estimated and problems were addressed, and then the hypothesis was accepted, which states that there is no difference in the effect of economic factors on the performance of the money market, as measured by the Saudi market index compared to the Egyptian market. The value of the adjusted determination coefficient (R2) for the estimated Saudi trading market model explains (94%) of the changes that occur to the Saudi capital market, as measured by the market trading index. and the value of the coefficient of determination Adjusted (R2) of the estimated Egyptian trading market model explains (57%) of the changes that occur to the Egyptian capital market, as measured by the market trading index.

Conclusion

The study concluded that the interest rate has a negative impact on the Saudi trading market index and the Egyptian trading market, and that the rate of economic growth and gross national product have a positive impact on the Saudi trading market index and the Egyptian trading market.

Recommendations

Multiple shocks affected economic activity globally (COVID-19 pandemic, Ukraine war), which led to a contraction of economic output in most countries, and policies varied according to the financial capacity of each country, and according to the problems facing countries, and after studying the variables that affect the performance of financial markets, the study recommends the following :

1. The necessity of linking economic policies with an analysis of markets and their expected impacts.
2. The need to reduce the negative impact of each of the interest rates on the Saudi trading market index and the Egyptian trading market.
3. The need to enhance the positive impact of each of the economic growth rate and gross national product on the Saudi trading market index and the Egyptian trading market.
4. The necessity of providing liquidity to the financial system, easing credit conditions, and reducing bank's compulsory reserve requirements in order to achieve stability in financial markets.

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