1145-62-1567 **Dr. Joseph Omondi Ouno*** (ouno@mmarau.ac.ke), PO Box 861-20500, Narok, Kenya, and **Dr. Boniface Otieno Kwach** (bkwach@kibu.ac.ke), PO Box 1699-50200, Bungoma, Kenya.
Modeling of Market Equilibrium Price for Nairobi Security Exchange with Respect to Demand and Supply of Shares.

Nairobi security exchange (NSE) is a success story in trading capital shares and this has made it attract many players both locally and internationally. It is interesting to note that these players do not have a reasonable mathematical model which can be used to predict equilibrium prices for their stock. Such a prediction can be achieved if there is a model for market equilibrium price for different capital shares. In this paper a market equilibrium price model is developed to help market players predict equilibrium price for capital shares. This model has been developed by the use of one of the methods commonly applied in estimating parameters of simultaneous equations models. This is the two stage least squares (2 SLS) method.

Keywords: Demand and supply functions, Dividend payment, Exogenous and Endogenous variables, simultaneous equations models, structural and reduced form equations (Received September 23, 2018)