1154-VF-2075 **Omondi J. Ouno*** (ouno@mmarau.ac.ke), P.O.Box 861, Narok, Kenya, Narok, Kenya, and **Dr. Boniface o. Kwach** (bkwach@kibu.ac.ke), P. O. Box 1699, Bungoma, Kenya. *Demand Dynamics for Capital Shares in Nairobi Security Exchange.*

In this paper we present the notion that the quantity of demand for capital shares follows a Geometric Brownian motion with mean reversion. This is because when the quantity of demand is taken over time and the values observed are transformed by taking the natural logarithms for each quantity of demand; the transformed quantities of demand carries properties similar to those of price. Properties like lognormal distribution, random walk process, mean reversion etc will be obeyed. A number of scholars have proved this fact. They include Egan (2007) who observes that normal and lognormal distributions are the two mostly used distributions in the analysis of financial returns and prices and that the latter gives accurate distribution of prices. Another scholar is Liang (2003) who showed that demand for a commodity is a random walk process and can be modeled as a Geometric Brownian motion. As can be realized, demand and price have similar properties and that is the reason this paper discusses another property obeyed by quantity of demand which is considered over time. This is the property of mean reversion.

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