MACROECONOMIC DETERMINANTS OF STOCK MARKET PERFORMANCE:
EVIDENCES FROM MALAYSIA AND UNITED STATES

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Submitted in Partial Fulfilment of the
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June 2016
DECLARATION OF ORIGINAL WORK

BACHELOR OF BUSINESS ADMINISTRATION
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FACULTY OF BUSINESS MANAGEMENT
UNIVERSITI TEKNOLOGI MARA
‘’DECLARATION OF ORIGINAL WORK’’

I, Aqeel Bin Mohktar, (I/C Number: 930106-14-5461) and
Shazlin Iryanti Binti Saruddin, (I/C Number: 930824-10-5114)

Hereby, declare that:

- This work has not previously been accepted in substance for any degree, locally or overseas, and is not being concurrently submitted for this degree or any other degrees.

- This project-paper is the result of my independent work and investigation, except where otherwise stated.

- All verbatim extracts have been distinguished by quotation marks and sources of my information have been specifically acknowledged.

Signature: ___________________________ Date: ___________________________
Signature: ___________________________ Date: ___________________________
LETTER OF SUBMISSION

June 2016

Azhana Binti Othman
Lecturer
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Dear Madam,

SUBMISSION OF PROJECT PAPER

Attached is the project paper titled “MACROECONOMIC DETERMINANTS OF STOCK MARKET PERFORMANCE: EVIDENCES FROM MALAYSIA AND UNITED STATES” to fulfill requirement as needed by the Faculty of Business Management, Universiti Teknologi Mara.

Thank you

Yours sincerely,

AQEEL MOHKTAR
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Bachelor of Business Administration (Hons) (Finance)
ABSTRACT
This study is focusing on the effect of macroeconomic determinants towards stock market performance in Malaysia and United States. The purpose of this study is to study the relationship between dependent variable and independent variables and identify the most significant factor that affecting the stock market performance in Malaysia and United States. The data are collected quarterly data from period of 1997:Q1 to 2015:Q4. The data are tested using Unit Root Test, Panel Data Regression and Diagnostic tests to find the relationship between macroeconomic determinants variables such as money supply, interest rates, exchange rates, gross domestic product and industrial production index towards Malaysia and United States stock market performance. The results obtained from Pool OLS estimation reveal that money supply, interest rate, gross domestic product and industrial production index have positive relationship on the stock market performance while exchange rate has negative relationship on the stock market performance. This shows that the United States and Malaysian stock market are sensitive to changes in the macroeconomic variables. Furthermore, based on the result, money supply is the most significant factor that affecting the stock market performance.