DYNAMIC RELATIONSHIP BETWEEN MACROECONOMIC VARIABLES AND FINANCE SECTOR MARKET INDICES

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JULY 2013

DECLARATION OF ORIGINAL WORK

BACHELOR OF BUSINESS ADMINISTRATION

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MELAKA.

"DECLARATION OF ORIGINAL WORKS"

I, MOHD SHAFIQ BIN BOHARI, 900919-14-5533

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 others degrees.
- This project paper is the result of our independent work and investigations, except where otherwise stated.
- All verbalism extract have been distinguished by quotation and sources of our information have been specifically acknowledge.

Signature:…….. Date: ……..

LETTER OF SUBMISSION

25TH JUNE 2013

EN. AMIRUDIN BIN MOHD NOR

Senior Lecturer

Bachelor of Business Administration with Honors (Finance)

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Dear Sir,

SUBMISSION OF PROJECT PAPER

Attached is the project paper titled "DYNAMIIC RELATIONSHIP BETWEEN MACROECONOMIC VARIABLES AND FINANCE SECTOR MARKET INDICES" to fulfill the requirement as needed by the Faculty of Business Management, Universiti Teknologi Mara.

Thank you.

Yours sincerely,

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ABSTRACT

The aim of this study is to investigate the relationship between Exchange Rate, Inflation Rate, Money Supply, and Interest Rate to the Finance Sector Market Indices. The study used Simple Linear Regression and Multiple Linear Regression in order to find the relationship among those indices. The monthly closing data were collected from January 2005 until December 2012. From the result, it reveals that certain variables have a significant negative relationship towards Finance Sector Market Indices and the others are insignificant. It means that there are macroeconomic variables that interdependence towards the Finance Sector Market Indices. Based on the results, it shows further understanding of the relationship between the macroeconomic variables to the Finance Sector Market Indices and it may be useful for regulators, investors, and speculators.

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