



**A STUDY ON THE RELATIONSHIP BETWEEN MONEY
SUPPLY AND STOCK MARKET IN MALAYSIA**

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**BACHELOR OF BUSINESS ADMINISTRATION (HONOURS)
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I, NOROTINY BINTI HARUN

(I/C Number: 8604185-29-5986)

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: _____

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LETTER OF SUBMISSION

OCTOBER 2010

The Program Coordinator

Bachelor of Business Administration (Hons.) Finance

Faculty of Business Management

Universiti Teknologi MARA

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75300 Melaka

Dear Madam,

SUBMISSION OF PROJECT PAPER (FIN 667)

Attached is the project paper titled “**The Relationship between Money Supply and Stock Market in Malaysia**” to fulfill the requirement as needed by the Faculty of Business Management, Universiti Teknologi MARA.

Thank You.

Yours sincerely,

.....

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Bachelor of Business Administration (Hons) Finance

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ABSTRACT

This study examines the relationships between money supply and stock market in Malaysia with the particular attention to the August 2007 until 2009 global financial crisis. Extending related empirical studies, comparative analyses of pre crisis, crisis, and post crisis periods are conducted to comprehensively evaluate how stock market integration is affected by financial crises. In general, the results show that negative relationships between money supply and stock market in Malaysia. Money Supply changes have significant effect on stock market in Malaysia. In addition to this, money supply are one of the macroeconomic variables that will explain stock market in Malaysia. In this paper Regression Analysis approach was used to determine the significant relationship between money supply and stock market in Malaysia by way of analyzing the trend of the money supply and stock markets for the period January 2005 to August 2010. Monthly data were used for the analysis. The result show that there is a relationship between money supply and stock market in Malaysia