



THE IMPACT OF ELECTION PERIOD ON MALAYSIAN STOCK
MARKET: EVIDENCE FROM THE PERIODS 2003 TO 2013

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1.1 Background of study

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1.2 Significant of study

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CHAPTER 2 : LITERATURE REVIEW

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2.1.1.2 Semi strong efficiency

This dissertation is dedicated to my scholastic life

2.1.2 Political business cycle

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CHAPTER 1

1.0 Introduction

The seasonal price anomalies of stock market return mostly known as January Effect. From all the research has been done before all the results showing the same positive relationship that prove in the month before January are the higher stock market return than other months. It also indicates that the situation effective especially for small cap shares in the marketplace. The case of January Effect is different with the effect from a political backdrop of a country since every nation has a different election period that may affect stock market price indices same as election period.

Election is the most important for a country far better in the future. The result of an election will be a new leader will accept the responsibility to improve his nation to face the globalization nowadays or in the future. For that purpose several changes of law will be revised. The announcement will cause the volatile of stock market prices change rapidly before and after the election.

The behavior of stock market along the before election and after the election has been studied for several decades in developed countries such as the United State of America which the most famous country the researcher choose to be their sample of study and other developed countries such as Japan, United Kingdom and others. Therefore, the election effect makes the stock market volatile rapidly from the theory of Political Business Cycle (Nordhaus, 1950) which explain how the political parties manipulate business condition to win re-