# THE DETERMINANTS OF STOCK MARKET PERFORMANCE IN MALAYSIA

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## ABSTRACT

Stock market lead to the economic growth in Malaysia. This study is to examine the effect of macroeconomic variables on stock market in Malaysia. In this study the time series had been used which include descriptive statistic, correlation and regression with the annual data from year 1985 to 2016 with 32 observations. Price of stock market is been used to measure the stock market performance. The independent variable in this study are interest rate (IR), inflation (INF), money supply (MS) and industrial production (IP). Durbin Watson test is used for analysis in order to remove the problem of autocorrelation. The regression model that has been used is Ordinary Least Square (OLS) and the result indicate that the interest rate (IR)and money supply (MS) are found to be positive significant with stock market. Meanwhile, inflation (INF) and industrial production (IP) is found to be insignificant with stock market. As the recommendation, future researcher should be alert with the economy before making an investment in stock market.

Keywords : Stock market, Interest rate, Inflation, Money supply and Industrial prodution