OIL PRICES AND MACROECONOMIC VARIABLES:

ASYMETRIC SYSTEMATIC RISK

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ABSTRACTS

This research will discuss the relationship between the oil price and macroeconomic variables with Stock Market under Shariah compliant companies in Malaysia. This study will use monthly data of oil price and macroeconomic variables from year January 2009 until December 2015. Three hypotheses are developed to test the relationship between the macroeconomic variables and the performance of the Stock market. This research will use VAR model and conducted test are Johansen Cointegration tests, Granger causality, Impulse Response Function, and Variance Decomposition (VDC). The results revealed that in the short run there is no significant on stock market with the independent variables, but there is a long run causality between the variables. The results also show that the exchange rate gives positive shocks on the stock market as shown at IRF and VDC.

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