Dynamic Relationship among the Economic Factors and Stock Market Returns in Major Oil Exporting and Importing Countries: Considered of Mincer and Zarnowitz Regression Model.

NORAZIZAH EDAHYU BINTI MAHAMUD

2014642354

BACHELOR OF BUSINESS ADMINISTRATION WITH HONORS (FINANCE)

FACULTY OF BUSINESS MANAGEMENT

UNIVERSITI TEKNOLOGI MARA

KOTA KINABALU

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ABSTRACT

The fluctuation of oil prices has become a great agony among major oil exporting and importing countries. A vast amount of studies provide evidence that stock market returns is affected by the macroeconomic factors. However, no current studies have been carried out on considering the lagged time which can able to contribute something new in the extension of knowledge. Therefore, the current study attempts to investigate the relationship between the stock market returns and economic factors by including the movement of oil prices, interest rates, exchange rates and inflation rates on an annual basis from 2010 to 2015 of the major oil exporting and importing countries. Arbitrage Pricing Theory was used in this study together with Mincer and Zarnowitz (1969) in order to re-checking all the variables based on the lags time. The findings from the current study suggested that oil prices, interest rates, and inflation rates significantly affect the stock market returns. After adjustment, exchange rates also significantly affect stock market returns besides oil prices and interest rates.