"SUNNY, RAINY & CLOUDY : DOES THE WEATHER EFFECT STOCK PRICE OF RUBBER COMMODITY?"

NORFAZDIAN BINTI SALENG
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ABSTRACT

This study aimed at revealing the effects of weather towards the stock price of commodity in the market. Unlike other studies conducted on this topic, the present study conducted to demonstrate the influence of cloudy, rainy and sunny on the stock price of the rubber commodity. The stock price is the one that the investor will look into before they make any investment decision. This study lies on some related theory that are used to support the content of the study. For this study, the theory that are used is Chaos Theory under the Behavorial Finance Theory. There are several factors that will influence the changes of the commodities stock price and one of them is the changes in the price of commodities itself. Changes in the price of commodities are often considered as an important factor for understanding fluctuations in its stock prices (Kilian and Park, 2009), which means that the stock price of rubber commodity influenced by the price of commodity where, the price of commodity is depending on the climate specifically the weather conditions. The sample chosen for this study are the company that are directly involved in the rubber industry. Malaysia have more than 136 companies that are actively involved in rubber industry and the company chosen in the sample are based on their ranking on export earnings (Sallehuddin, Shamsuddin & Talib, 2006). There are three types of weather in Malaysia included which are the sunny, rainy and cloudy. Thus, the study found that sunny and cloudy remains significant while rainy are not.

Keyword : Sunny, Cloudy, Rainy,Weather effect, Rubber Commodity, Rubber Commodity Stock Prices