THE RELATIONSHIPS BETWEEN HOUSE PRICES, STOCK PRICES, REAL GROSS DOMESTIC PRODUCT AND INTEREST RATE IN MALAYSIA

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ABSTRACT

Abstract: This paper examines the relationships between house prices, stock prices, real gross domestic product and interest rate in Malaysia. Using quarterly data collected from year 2010 until 2016 and examine through time series. This study only focus on Stock Prices (SP), Real Gross Domestic Product (RGDP) and Interest Rate (IR) can give effect on House Prices Index (HPI). The results show that stock prices and economic indicators play important role in determine housing prices in Malaysia. Among these three variables, Stock Prices and Interest Rate shows the significantly positive relationship towards house prices.

Keywords: Stock prices, Real gross domestic product, Interest rate, House prices, Malaysia.