



**A STUDY ON THE EFFECT OF OIL PRICES TO THE
EMERGING STOCK MARKET IN EAST ASIA AND PACIFIC
COUNTRIES (MALAYSIA, INDONESIA, PHILIPPINE AND
KOREA)**

NURUL HIDAYAH BT ABDUL BAHAR
2010897202

BACHELOR OF BUSINESS ADMINISTRATION
WITH HONOURS (FINANCE)
FACULTY OF BUSINESS MANAGEMENT
UNIVERSITI TEKNOLOGI MARA
KAMPUS BANDARAYA MELAKA

JULY 2012

DECLARATION OF ORIGINAL WORK



BACHELOR OF BUSINESS ADMINISTRATION (HONS) FINANCE

FACULTY OF BUSINESS MANAGEMENT

UNIVERSITI TEKNOLOGI MARA

“DECLARATION OF ORIGINAL WORK”

I, NURUL HIDAYAH BINTI ABDUL BAHAR,

Hereby, declare that,

- This work has not previously been accepted in substance for any degree, locally or overseas and is not being concurrently submitted for this degree or any others degrees.
- This project-paper is the result of my independent work and investigation, except where otherwise stated
- All verbalism extract have been distinguished by quotation marks and sources of my information have been specifically acknowledged.

Signature :

Date :

ACKNOWLEDGEMENT

In the name of Allah S.W.T the Most Gracious, the Most Merciful. Alhamdulillah, all thanks and praises are due to Allah S.W.T for making thing possible, for giving me the strength, spiritual and healthy physical also inspiration to complete this project paper accordingly.

First, I would like to express my profound gratitude to my advisor, Dr. Fahmi Bin Abd Rahim for his valuable guidance, continuous support and encouragement provided to me throughout the completion of this project paper from the initial to the final level enabled me to developed an understanding of the subject and help me to complete my work successfully. May Allah S.W.T bless him and his family.

I would like to offer my regards and blessings to my beloved family especially my father
and my mother for their understanding, blessing, trust and moral support. May Allah bless our family.

It is my pleasure to acknowledge thanking to all my friends and colleagues who have endures with me directly and indirectly the pressure and string of completing this project paper. My special regards goes to SitiNurasyieqinbt Abu and Safurahbt Abdullah for the information sharing and supporting.

May Allah grant all of you with greatest blessing.Amin.

ABSTARCT

The objective of these studies is to investigate the effect of oil prices to the emerging stock market in East Asia and Pacific which are Malaysia, Indonesia, Philippine and Korea. The data collected from DataStream which are Kuala Lumpur Composite Index, Jakarta Composite Index, Philippine Composite Index and Korea Composite Index from 20th June 2007 until 20th June 2012. The data of oil price also was collected using the DataStream for the five years period from 20th June 2007 until 20th June 2012. From the finding and analysis result in this Single Linear Regression model, these studies concluded that is significant relationship between the oil price index with the Malaysia Stock Market, Indonesia Stock Market, Philippine Stock Market and Korea Stock Market. All the dependent variables have a positive relationship with the independent variable. Malaysia Stock Market, Indonesia Stock Market, Philippine Stock Market and Korea Stock Market have a positive relationship with the oil price index.

TABLE OF CONTENTS

	Page
TITLE PAGE	ii
DECLARATION OF ORIGINAL WORK	iii
LETTER OF TRANSMITTAL	iv
ACKNOWLEDGEMENT	v
TABLE OF CONTENTS	vi
LIST OF FIGURE	ix
LIST OF TABLES	x
ABSTRACT	1
CHAPTER 1	INTRODUCTION
1.1	Background of study 2-4
1.2	Problem statement 4
1.3	Research objective 5
1.4	Research question 5
1.5	Significant of study 6
1.6	Scope of study 7
1.7	Definition of term 7
	1.7.1 Stock Market 7
	1.7.2 Market indices 7
	1.7.3 Oil 8
1.8	Limitation of this study 8
1.9	Research Reporting structure 9