



**A STUDY ON THE RELATIONSHIP BETWEEN
STOCK MARKET IN DEVELOPING COUNTRIES TO THE GOLD
PRICE
(INDIA, CHINA AND MALAYSIA)**

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JUNE 2012

DECLARATION OF ORIGINAL WORK



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I, MOHD AZAMUDIN BIN ABDUL GHAFAR,

Hereby, declare that,

- This work has not previously been accepted in substance for any degree, locally or overseas and not being concurrently submitted for this degree or any other degrees.
- This project paper is the result of my independent work and investigation, except where otherwise stated.
- All verbatim extracts 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 things possible, for giving me the strength, spiritual, and healthy physical also inspiration to complete this project paper accordingly.

First of all, I would like to place my sense of 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. May Allah S.W.T bless him and his entire family.

It is my pleasure to acknowledge and thanked to my supervisor and Mr. David Wong and all Standard Chartered Scope International Malaysia Academic staffs for their great corporation and patient assistance and great course during my practical training from 20th February 2012 until 1st June 2012. This training is absolutely beneficial for me. All your supports and corporation are much remembered and appreciated.

I would like to dedicate my deepest gratitude to my beloved parents Ayahanda _____, Bonda _____, my lovely sister Nur Fadhilah and Nor Hafizah and my brother Muhammad Syamil Azim for their blessing, understanding, unconditional love, trust and support morally and financially. May Allah bless our family.

To all my friends and colleagues who have endures with me directly or indirectly the pressure and strain of completing this research, bid you my most utmost appreciation. My special regards goes to Mohd Hafifi Bin Yahya, Muhamad Nursalam Bin Abdul Rahim, Muhamad Noor Izami Bin Ishak, Noor Nabilah Binti and Nur Atikah Binti Ismail for the information sharing and supporting at my back.

May Allah S.W.T grant all of you with greatest blessing. Amen

ABSTRACT

This paper attempts to investigate the relationship between Bombay Stock Exchange Index, Shanghai Stock Exchange Index and FTSE Malaysia Index to the FTSE Gold Mines Index.

The weekly data of closing price of stock indices and gold prices from 1st January 2007 to 31st December 2011 are collected. The study used Simple Linear Regression and Multiple linear Regression in order to find the relationship among markets. From the result, it shows significant relationship between Bombay Stock Exchange Index, Shanghai Stock Exchange Index and FTSE Malaysia Index to the FTSE Gold Mines Index. In other hand, low and negative correlation exist in these three stocks indices to the gold prices. It means gold serves as a diversification asset in Shanghai Stock Exchange Index and FTSE Malaysia Index but the gold price can be tools to predict the Bombay Stock Exchange Index because there have positive relationship. Finally, this research will be useful for market analysts and investor to have a better understanding on the role of gold as a safety investment.

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