



**MACROECONOMICS VARIABLES THAT EFFECT THE SHARIAH
INDEX : DOW JONES UNITED STATES ISLAMIC MARKET**

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I, AHMAD MIFDHAL MOHAMED ARIPIN,

Hereby, declare that:

- This work is not previously been accepted in substance for any degree, locally or overseas, and is not being concurrently submitted for this degree or any other degree.
- 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: April 2011

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ABSTRACT

Many researches have been conducted by researchers on conventional stocks. According to Rahim (2009), many researches on many countries tend to research on conventional index only. This has raised question on investors, on the availability of researches on Islamic stocks. This is because some investors tend to invest in Islamic stocks rather than the conventional stocks. According to Siskawati (2011), the need for Islamic finance grows from increasing amounts of wealth in the oil-rich countries. This study will tries to extend the body of knowledge by analyzing the information of the shariah index with the economic variables from January 2008 until December 2010. The Multiple Linear Regression has been applied to all variables. The findings has shown that the interest rates have positive effect to the shariah index, meanwhile the inflation rate and the currency rate has negative effect to the shariah index. The result of this research has the potential to be used by the potential investor in the shariah stocks. It can give better understanding for all potential investors that want to know more about the shariah index.

TABLE OF CONTENTS

	PAGE
ACKNOWLEDGEMENT	i
TABLE OF CONTENTS	ii-iv
LIST OF TABLES	v
LIST OF FIGURES	vi
ABSTRACT	vii
Chapter 1: Introduction	1
1.0 Background of Study	1-4
1.1 Problem Statement	5
1.2 Objective of the Studies	6
1.3 Research Questions	6
1.4 Scope of Studies	6
1.5 Limitations of Study	7
1.6 Significant of Study	8
1.7 Definition of Terms	9-10