



MACROECONOMIC DETERMINANTS OF STOCK MARKET PERFORMANCE:  
EVIDENCES FROM MALAYSIA AND UNITED STATES

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UNIVERSITI TEKNOLOGI MARA

KAMPUS BANDARAYA MELAKA

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Submitted in Partial Fulfilment of the  
Requirement for the  
Bachelor of Business Administration with Honours (Finance)

FACULTY OF BUSINESS MANAGEMENT  
UNIVERSITI TEKNOLOGI MARA  
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June 2016

DECLARATION OF ORIGINAL WORK



**BACHELOR OF BUSINESS ADMINISTRATION  
WITH HONOURS (FINANCE)  
FACULTY OF BUSINESS MANAGEMENT  
UNIVERSITI TEKNOLOGI MARA  
“DECLARATION OF ORIGINAL WORK”**

I, Aqeel Bin Mohktar, (I/C Number: 930106-14-5461) and  
Shazlin Iryanti Binti Saruddin, (I/C Number: 930824-10-5114)

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 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: \_\_\_\_\_

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

## LETTER OF SUBMISSION

June 2016

Azhana Binti Othman

Lecturer

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Faculty of Business Management

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Dear Madam,

### **SUBMISSION OF PROJECT PAPER**

Attached is the project paper titled “**MACROECONOMIC DETERMINANTS OF STOCK MARKET PERFORMANCE: EVIDENCES FROM MALAYSIA AND UNITED STATES**” to fulfill requirement as needed by the Faculty of Business Management, Universiti Teknologi Mara.

Thank you

Yours sincerely,

AQEEL MOHKOTAR

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## **ABSTRACT**

This study is focusing on the effect of macroeconomic determinants towards stock market performance in Malaysia and United States. The purpose of this study is to study the relationship between dependent variable and independent variables and identify the most significant factor that affecting the stock market performance in Malaysia and United States. The data are collected quarterly data from period of 1997:Q1 to 2015:Q4. The data are tested using Unit Root Test, Panel Data Regression and Diagnostic tests to find the relationship between macroeconomic determinants variables such as money supply, interest rates, exchange rates, gross domestic product and industrial production index towards Malaysia and United States stock market performance. The results obtained from Pool OLS estimation reveal that money supply, interest rate, gross domestic product and industrial production index have positive relationship on the stock market performance while exchange rate has negative relationship on the stock market performance. This shows that the United States and Malaysian stock market are sensitive to changes in the macroeconomic variables. Furthermore, based on the result, money supply is the most significant factor that affecting the stock market performance.