THE RELATIONSHIP BETWEEN FCPO PRICE WITH IMPORTER COUNTRIES' INDICES

NADHRATUL NAZWA BINTI MOHD NOOR

2015140391

BACHELOR OF BUSINESS ADMINISTRATION
WITH (HONS) FINANCE
FACULTY OF BUSINESS MANAGEMENT
UNIVERSITI TEKNOLOGI MARA
(TERENGGANU)

JUNE 2018

TABLE OF CONTENT

CONTENT	PAGES
DECLARATION OF ORIGINAL WORK	i
LETTER OF SUBMISSION	ii
ACKNOWLEDGEMENT	iii
ABSTRACT	iv

CHAPTER 1: RESEARCH OVERVIEW	
1.0 Introduction	**1**
1.1 Research background	**2-4**
1.2 Problem statement	**5**
1.3 Research question	**6**
1.4 Research objectives	**6**
1.5 Scope of the study	**6**
1.6 Significant of the study	**7**
1.7 Limitation of the study	**8**
1.6.1 Reference	**8**
1.6.2 Data	**8**
1.8 Operational definitions	**8-9**

CHAPTER 2: LITERATURE REVIEW	
2.0 Introduction	**10**
2.1 FCPO Price with Importer Countries' Indices	**10-13**
2.7 Conclusion	**13**

CHAPTER 4: FINDING ANALYSIS	
4.0 Introduction	**26**
4.1 Descriptive Statistical Analysis	**26**
4.1.1 Mean	**27**
4.1.2 Median	**27**
4.1.3 Maximum and Minimum	**27**
4.1.4 Standard Deviation	**27**
4.1.5 Kurtosis	**27**
4.2 Normality Test	**28**
4.3 Correlation Test	**29**
4.4 Multiple Regression Model	**30**
4.4.1 Coefficient of Determination (R2)	**31**
4.4.2 T-statistics	**31**
4.4.3 F-statistics	**31**
4.5 Adjusted Multiple Regression Anaysis	**32**
4.5.1 Coefficient of Determination (R2)	**33**
4.5.2 T-statistics	**33**
4.5.3 F-statistics	**33**
4.6 Autocorrelation	**34**
4.7 Adjusted Autocorrelation	**34**
4.8 Multicollinearity	**35**
4.9 Hypothesis Test	**36-37**
4.10 Findings	**38-39**
4.11 Conclusion	**39**
CHAPTER 5: CONCLUSION AND RECOMMENDATION	**40-41**
REFERENCES	**42-44**
APPENDICES	**45-50**

ACKNOWLEDGEMENT

The utmost gratitude to Allah S.W.T for His grace, leads the UiTM undergraduate thesis report turns out well and run smoothly in order to complete this report on the right time.

My highest appreciation goes to my advisor Madam Fathiyah Bt Ismail for guiding me, and providing different perspective in conducting this research. Her constructive comments, as well as her suggestions and recommendation have helped me a lot in completing this paper.

Besides, I would like to extend my appreciation to my second examiner Professor Madya Dr Azemi Bin Che Hamid for his constructive comments that help me to improve this research.

I am thankful to both my parents, for giving me motivation to keep going forward and to all of the people that directly or indirectly involve in this research. Without the encouragement, it is impossible to accomplish this investigation and final report on the right time.

Last but not least, my appreciation and thanks to all people who had directly and directly involved and contributed to this research project final report.

ABSTRACT

Researcher ascertains focus is to study either the variability of the movement price of crude palm oil that causes changes between indexes. This study examines the relationship of FCPO price with importer countries' indices. Auxiliary information was gathered from monthly statistical bulletin provided by Thompson Reuters Eikon official website and Nikkei 225 Official Site from year 2005 to 2017 which contain quarterly information and have aggregate of 51 observations in this study. Ordinary Least Square Method (OLS) technique was utilized to run the model and gauge the relapse. This study also tries to determine which has a greater sensitivity that influences FCPO between the importer countries' indices. The commodity index is represented by Crude Palm Oil Futures (FCPO) while the market indicators of importer countries are represented by Straight Time Index (FSST Index) in Singapore, Nifty 50 Index (NIFTY Index) in India, Nikkei 225 Index (NKY Index) in Japan and Shanghai Shenzhen CSI 300 Index (SHSZ Index) in China. The result from Descriptive Statistical Analysis found that there are positive significant relationship between FCPO with importer countries' indices that includes FSST Index and SHSZ Index. On the other hand, there is positive insignificant relationship between NIFTY Index with FCPO and for the NKY Index, the result show that there is negative significant relationship between NKY Index with FCPO.

KEYWORDS:

Crude oil price, Crude Palm Oil Futures (FCPO) price, FSST Index, NIFTY Index, NKY Index, SHSZ Index