DETERMINANTS OF STOCK MARKET PERFORMANCE IN MALAYSIA

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BANDARAYA MELAKA

JANUARY 2018

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Submitted in Partial Fulfillment of the

Requirement for the

Bachelor of Business Administration with Honours (Finance)

FACULTY OF BUSINESS MANAGEMENT

UNIVERSITI TEKNOLOGI MARA

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DECLARATION OF ORIGINAL WORK

BACHELOR OF BUSINESS ADMINISTRATION
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FACULTY OF BUSINESS MANAGEMENT
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"DECLARATION OF ORIGINAL WORK"

I, NISA FARHANA BINTI MOHD AZIR, (I/C NUMBER: 950325-14-5056)

Hereby, declare that:

- This work has not previously been accepted in substance for any degree, locally, overseas, and is not being currently 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: _____

<center>**LETTER OF SUBMISSION**</center>

JANUARY 2018

HEAD OF PROGRAMME

Faculty of Business Management
Universiti Teknologi MARA (Kampus Bandaraya Melaka)
75300, Melaka.

Dear Madam,

SUBMISSION OF PROJECT PAPER

Attached is the project paper titled **"DETERMINANTS OF STOCK MARKET PERFORMANCE IN MALAYSIA"** to fulfill the requirement as needed by the Faculty of Business Management, Universiti Teknologi MARA.

Thank you.
Yours sincerely,

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ABSTRACT

Using yearly data over the period 1980 - 2016, this study examine the Malaysia Stock Market by using several macroeconomic variables which are Exchange Rate, Inflation (CPI), Palm Oil Price, Interest Rate and the Money Supply.

The objectives it to examine the relationship of several macroeconomic variables with the Stock Market in Malaysia. The result founded that it is strongly indicates that all the macroeconomic variables are significantly affect the Stock Market in Malaysia. Overall, the results from the study have implications towards the policy makers and investors in terms of diversification of risks and returns. Besides, Multiple Linear Regressions Model is applied to study the relationship between explanatory variables (Exchange Rate, Inflation (CPI), Palm Oil Price, Interest Rate and the Money Supply) and explained variable (Malaysia Stock Market Performance).

Empirical results show that Interest Rate and the Money Supply are positively affect KLCI. Other than that, Exchange Rate and Palm Oil Price are negatively affect the Malaysia Stock Market.