



**THE EFFECT OF MACROECONOMIC VARIABLES
ON
BURSA MALAYSIA FINANCE INDEX**

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JOHOR**

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**Submitted in Partial Fulfillment
Of the Requirement for the
Bachelor of Business Administration
(Hons) Finance**

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UNIVERSITI TEKNOLOGI MARA
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SEGAMAT, JOHOR

DECLARATION OF ORIGINAL WORK

I, AZWAN BIN NOR HASHIM (I/C NUMBER: 920904-05-5541)

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 our independent work and investigation, except where otherwise stated.
- ✓ All verbatim extracts have been distinguished by quotation marks and sources of our information have been specifically acknowledged.

Signature:

Date:

LETTER OF SUBMISSION

21st June 2015

Lecturer of Research Methodology
Faculty of Business Management
University Technology MARA
85009 SEGAMAT
JOHOR DARUL TAKZIM

Dear Sir,

SUBMISSION OF PROJECT PAPER

Attached is the project paper titled “**THE EFFECT OF MACROECONOMIC VARIABLES ON BURSA MALAYSIA FINANCE INDEX**” to fulfill the requirement as needed by the Faculty of Business Management, University Technology MARA.

Thank you.

Yours sincerely

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ABSTRACT

This paper aims at finding out the impact of Macroeconomic Variables toward Malaysian Financial Sector Stock Returns Index or authoritatively known as Bursa Malaysia Finance Index. The variables used in this study are the gross domestic product (GDP), consumer price index (CPI), money supply (MS) and interest rate (IR). As for the sample of this study, it comprises of 36 observations each for the independent and dependent variables on a quarterly basis over nine years period from January 2005 to December 2013. The methodology used in this study is the Multiple Linear Regression with time series data that are gathered from Data Stream. A software package called E-views will be used in finding and analyzing the data. In order to observe the relationship between the macroeconomic variables and Bursa Malaysia Finance Index, an econometric test will be conducted during this research. Based on previous outcomes and findings, it was found that the macroeconomic variable is one of the factors that change the impact of stock return especially on developed markets. Hence, the results of this study would give us a demonstrative perspective and could frame a critical premise for financial specialists especially investors and policy makers towards their investment strategies and policy decisions respectively.