



**A STUDY ON THE INFORMATION TRANSMISSION OF ISLAMIC
STOCK MARKET IN MIDDLE EAST COUNTRIES
(KUWAIT, QATAR, UNITED ARAB EMIRATES)**

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BANDARAYA MELAKA**

APRIL 2010

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SITI MARSUFAH BINTI MOHAMED ALI

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

**FACULTY OF BUSINESS MANAGEMENT
UITM, BANDARAYA MELAKA**

APRIL 2010

DECLARATION OF ORIGINAL WORK



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“DECLARATION OF ORIGINAL WORK”

I, SITI MARSUF AH BINTI MOHAMED ALI, 870918-23-5006

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 others degrees
- This project paper is the result of my independent work and investigation, except where otherwise stated
- All verbalism extract have been distinguished by quotation marks and source of my information have been specifically acknowledged.

Signature:

Date:

LETTER OF SUBMISSION

30TH APRIL 2010

The Head of Program
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Universiti Teknologi MARA
72400 Bandaraya Melaka
Melaka

Dear Madam,

SUBMISSION OF PROJECT PAPER

Attached is the project paper titled “A STUDY ON THE INFORMTION TRANSFER BETWEEN STOCK MARKET IN MIDDLE EAST COUNTRIES (KUWAIT, QATAR, UNITED ARAB EMIRATES)” to fulfill the requirement as needed by the Faculty of Business Management, University Technology MARA

Thank You

Your Sincerely

.....

SITI MARSUFAH BINTI MOHAMED ALI

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ABSTRACT

There are many research have been conduct in order to investigate the relationship between the conventional stock market of the developed and emerging countries in literature such as Abraham and Seyyed (2006), Babaker (2004), Bekaert and Harvey (1995), Hammoudeh and Choi (2004). The knowledge has been expended by Rahim, Ahmad and Ahmad (2009) by exploring the international market interdependence among Islamic stock market in South Asia. This study tries to extend the body of knowledge by analyzing the information transfer between Shariah stock market in Middle East by using three Shariah stock market which are Kuwait, Qatar and United Arab Emirates. The Vector Autoregression (VAR) model was applied on the daily price stock index from March 2007 until December 2009. The result shows that there is unidirectional price relationship run from UAE Shariah stock market, Qatar Shariah stock market and Kuwait Shariah stock market. However, the finding exposed that there is bidirectional relationship between Kuwait Shariah stock market and Qatar Shariah stock market. Beside that, the result from this study has some potential to be used by the market analyst for predicting country market movement and also useful to regulators of stock markets in regulating policies to control the price relationship between those markets.