UNIVERSITI TEKNOLOGI MARA

THE EFFECT OF FUNDAMENTAL ANALYSIS TOWARDS STOCK PRICE MOVEMENT: TECHNOLOGY SECTORS IN MALAYSIA

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of the requirements for the degree of
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AUTHOR'S DECLARATION

I declare that the work in this final year project paper was carried out in accordance with the regulations of Universiti Teknologi MARA. It is original and is the results of my own work, unless otherwise indicated or acknowledged as referenced work. This thesis has not been submitted to any other academic institution or non-academic institution for any degree or qualification.

I, hereby, acknowledge that I have been supplied with the Academic Rules and Regulations for Undergraduate, Universiti Teknologi MARA, regulating the conduct of my study and research.
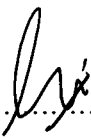
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ABSTRACT

The purpose of this research is to study the relationship between financial ratio and stock prices in Malaysia. A statistical examination to the prediction power of five financial ratios was tested and it depends on data of 8 companies distributed on one sector which is technology sector for the years 2015 to 2017. In this research, it will use quarterly data and the country that has been chosen is Malaysia. The independent variables in this research are ROA, PE, EPS, CR and DER. While for the dependent variable that has been selected is stock prices. Other than that, some tests have been used to obtain results for this research. The results showed that there is significant and insignificant effect on stock prices. The variables that shows the positive significant impact to stock prices are ROA and CR. The other variables other than ROA and CR shows the opposite results. This study concluded that it could rely on a set of financial ratios to predict stock prices, the decision maker or the investors can rely on financial analysis presented by the financial ratios when making financial and operational decisions.

Keywords: Financial ratio, stock price, ROA, PE, EPS, CR, DER

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