



UNIVERSITI TEKNOLOGI MARA

**DETERMINANTS OF STOCK RETURNS DURING
MARKET CRASH ON MALAYSIAN PUBLIC LISTED
COMPANIES**

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JUNE 2013

DECLARATION OF ORIGINAL WORK



FACULTY OF BUSINESS MANAGEMENT UNIVERSITI TEKNOLOGI MARA CAWANGAN KELANTAN.

I, NUR SHILA BINTI ABDUL RASHID (I/C Number)

Hereby, declare that:

- This work has not previously been accepted by in substance for any degree, locally or oversea, and is not being concurrently 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: 6th June 2013

LETTER OF TRANSMITTAL

Bachelor in Business Administration (Hons)(Finance)
Universiti Teknologi Mara,
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6th June

Head ,
Faculty of Business Management,
Universiti Teknologi Mara,
Cawangan Kelantan,
Kampus Kota Bharu,
15050 Kota Bharu,
Kelantan.

Dear Sir,

Submission of Research Report

Attached is the project paper titled "Determinants of Stock Returns during Market Crash on Malaysian Public Listed Companies" to fulfill the requirement as needed by the Faculty of Business Management, Universiti Teknologi Mara.

Thank You.

Yours sincerely,

NUR SHILA BINTI ABDUL RASHID

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Finally, I would like to express my appreciation to UITM library's Kota Bharu because allowed me to use the facilities in the library such as borrowed the books as references, used the internet and Datastream database to search for data .I would like to thanks to everyone who has given a direct and indirect support and cooperation to me for finish up this project paper.

ABSTRACT

The purpose of this study is to investigate the determinants of stock returns during the stock market crash in Malaysia. This study is scoped out to only 104 public listed companies in Malaysia. The sample is selected randomly based on simple random sampling method. The 104 companies are selected from various sectors such as consumer products, industrial products, construction, trading /services, plantations, Real Estates Investment Trust (REITS) and properties. The stock returns is the dependent variable while beta, firm size, market to book value ratio and price earnings ratio have been chosen as explanatory variables in this study. The data for each company are collected on monthly basis from July 2007 until December 2008. The data then being analyzed using Eviews 7.0 software. Multiple regressions and several tests have been carried out to obtain the result for this study. Based on the findings, there are only three explanatory variables which are beta, market to book value ratio and price earnings ratio that are found to be significant towards stock returns. Another explanatory variable which is firm size is insignificant. In short, three variables are significant in determining stock returns during stock market crash while another variable is insignificant for the period of July 2007 until December 2008.