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A STUDY ON MACROECONOMIC VARIABLES THAT INFLUENCE MALAYSIAN STOCK PRICE

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JUNE 2012

BACHELOR OF BUSINESS ADMINISTRATION (HONS) FINANCE

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- 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 my independent work and investigation, except where otherwise stated.

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LETTER OF TRANSMITTAL

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Dear Sir/Madam,

SUBMISSION OF PROJECT PAPER (FIN 661)

It is my pleasure that I present my thesis entitles **"A STUDY ON MACROECONOMIC VARIABLES THAT INFLUENCE MALAYSIAN STOCK PRICE"** for your kind evaluation as required by the Faculty of Business Management, UiTM.

Your kindness in accepting the unbounded thesis is highly appreciated.

Thank You.

Yours sincerely,

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ACKNOWLEDGEMENT

In the name of Allah, the Most Gracious and Most Merciful

All praise to Allah for all his blessings and guidance which provide me strength to face all the tribulations and trails in completing this thesis.

First and foremost, I would like to express my deep and sincere gratitude to my beloved advisor, Miss Rabihah Binti Nawawi and my second examiner, PM DR. Asry Bin Yusoff who gave me a support and advice for the completion of this thesis. Most importantly for their profound knowledge, dedication, strong discipline and inspiration for work excellence.

The toughest among all the hurdles is the completion of this which concluded my life as BBA (Hons) Finance student in UiTM. Special thanks to all lecturers and colleagues who have appeared in my life, rendering advice and inputs unselfishly during my study.

My deepest appreciation also goes to my beloved family members for their innumerable sacrifices, prayers and love. Lastly, special thanks to my supervisors at CIMB Wealth Advisord Bhd, Miss Sally and their staff Miss Thim and Miss Chinny for knowledge and wonderful experience.

ABSTRACT

The aims of this research are to examine the relationship between Malaysian Stock Price which is Kuala Lumpur Composite Index (KLCI) and selected macroeconomic variables namely inflation Rate (Consumer Price Index), Exchange Rate and Money Supply (M2). The methodology used was Multiple Regression Analysis which to identify the relationship between both of the Malaysian stock price and macroeconomic variables. The monthly sample data taken for the period of 5 years for each variables. Result shows that all variables have significance correlation with the KLCI. Whilst inflation rate and exchange rate have negative relationship with KLCI. Results also show that M2 has a positive relationship with KLCI which means that all variables have significant relationship with the Malaysian stock price.