

UNIVERSITI TEKNOLOGI MARA

**CO-INTEGRATION BETWEEN MALAYSIA STOCK
MARKET, ASEAN AND ASEAN PLUS THREE
COUNTRIES DURING PRE AND POST 14th
MALAYSIA'S GENERAL ELECTION USING
JOHANSEN CO-INTEGRATION TEST**

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JANUARY 2021

STUDENT'S DECLARATION

I certify that this report and the research to which it refers are the product of my own work and that any ideas or quotation from the work of other people, published or otherwise are fully acknowledged in accordance with the standard referring practices of the discipline.

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January 26, 2021

ACKNOWLEDGEMENTS

Alhamdulillah, all praises to Allah and His blessings for the completion of this thesis. I thank God for all the opportunities, trials and strength that have been showered on me to finish writing the thesis. I experienced so much during this process, not only from the academic aspect but also from the aspect of personality. My humblest gratitude to the holy Prophet Muhammad (peace be upon him) whose way of life has been a continuous guidance for me.

First and foremost, I would like to sincerely thank my supervisor Sir. Anas Bin Fathul Ariffin for his guidance, understanding, patience and most importantly, he has provided positive encouragement and a warm spirit to finish this thesis. It has been a great pleasure and honour to have him as my supervisor.

My deepest gratitude goes to all of my family members. It would not be possible to write this thesis without the support from them. I would like to thank my dearest father Bohari Bin Sanip, my mother Wardatul Hayat Binti Ismail, my sister and my brother.

I would sincerely like to thank all my beloved friends who were with me and supported me through thick and thin. Especially, my classmates and my housemate because they helped and motivated me to complete this study.

ABSTRACT

The study aims to know whether there exists a link between Malaysia stock market with other ASEAN (Indonesia, Singapore, Thailand, Vietnam and Philippines) and ASEAN plus three stock markets (China, Japan and Korea) before and after the 14th Malaysian General Election held on 9 May 2018. This study ran the correlation test to determine the relationship between the stock markets and as a result, the correlation between the stock markets increased after the General Election. This research further ran the Johansen Co-integration test to study the linkages. This research found that the co-integration between the variables exist. To study more in depth, this research ran the Granger-causality test. There are a few markets that have co-integrating factors with Malaysia's stock market before and after the General Election. The study on the co-integration can provide potential benefits for stakeholders who invested in the stock markets by enhancing their risk appetite in investing.

Keywords: Co-integration; Granger-causality test; Correlation stock markets; Malaysia General Election

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