



**UNIVERSITI TEKNOLOGI MARA**

**MACROECONOMIC FACTORS AND  
ARBITRAGE PRICING THEORY IN  
MALAYSIAN STOCK RETURN**

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Thesis submitted in fulfillment  
of the requirements for the degree of  
**Bachelor of Business Administration  
(Investment Management)**

**Faculty of Business Administration**

**December 2017**

## **AUTHOR'S DECLARATION**

I declare that the work in this thesis was carried out in accordance with the regulations of Universiti Teknologi MARA, Johor Branch, Segamat Campus. 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, Johor Branch, Segamat Campus regulating the conduct of my study and research.

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## **LETTER OF SUBMISSION**

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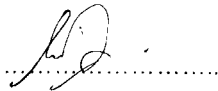
Dear Madam,

### **SUBMISSION OF PROJECT PAPER**

Attached is the research report title “Macroeconomic Factors and Arbitrage Pricing Theory in Malaysia Stock Return” to fulfil the requirement as needed by the Faculty of Business Management, Universiti Teknologi MARA.

Thank you.

Yours sincerely,



RAFIDAH BINTI ABDUL RAHIM

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## **ABSTRACT**

The study of this paper was to see the significant relationship of Malaysian Properties stock return in the existing of macroeconomic variables using Arbitrage Pricing Theory (APT). Thus, the purposed of this study is to test the impact of macroeconomic factors to the stock return via APT in Malaysia. The macroeconomic factors that were chosen in measuring the stock return were exchange rate, inflation, interest rate, money supply and term structure. The data collected was a secondary data, retrieved from DataStream of Kuala Lumpur Stock Exchange (KLSE) Properties, Price Index from February 2007 to November 2016. In this paper the ordinary least square (OLS) method are used as a technique method in measuring their relationship. APT model result show there is negative significant relation between exchange rate to stock return. The inflation, interest rate and term structure shows a negative insignificant relationship to the stock return while money supply show a positive insignificant relationship to the stock return.

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