UNIVERSITI TEKNOLOGI MARA

MALAYSIA AND ASIA STOCK MARKET LINKAGE: ANALYSIS OF GLOBAL FINANCIAL CRISIS

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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

This study investigates stock market linkage between Malaysian stock market and Asian Stock market for an analysis of global financial crisis. The issues of this study is to know and get the clear picture of the volatility of Malaysian stock index whether it is depends with other stock market index in the Asian region considering the event before and after the global financial crisis 2007-2008 with the latest data of information. Besides that, the purpose of this study is to have a clear view on the relationship between the dependent variable of Bursa Malaysia Composite Index (FBMKLCI) and independent variables of Indonesia Stock Exchange Composite Index (IDX), Singapore Straits Time Index (STI), Korea Composite Stock Price Index (KOSPI) and Stock Exchange of Thailand SET Index (Bangkok_SET). The data observation data are collected for 120 observations of daily data of each observe stock market before and after the crisis found in Data Stream Professional. The data has been analysed by using Eviews 9.0 to do descriptive, multiple regression, correlation analysis and test on assumption. The findings for the period before the crisis indicate that STI and Bangkok_SET are significant relationship with FBMKLCI and surprisingly for the period after the crisis, STI, Bangkok_SET and KOSPI have significant relationship with FBMKLCI in explaining the linkage of Malaysian stock market and Asian stock market.

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