UNIVERSITI TEKNOLOGI MARA

EFFECT OF COVID-19 TOWARDS STOCK MARKET RETURN: EVIDENCE OF MALAYSIA HEALTHCARE INDEX

WAN NURSHARIZAH BINTI WAN ZAMRI
2019314745

Bachelor of Business Administration (Hons)
Investment Management

Faculty of Business and Management

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CONFIRMATION BY PANEL OF EXAMINERS

I certify that a Panel of Examiners has met on 25 January 2021 to conduct the final examination of Wan Nursharizah Binti Wan Zamri in her Bachelor of Business Administration (Hons) Investment Management thesis entitled "Effect of covid-19 towards stock market return: evidence of Malaysia healthcare index" in accordance with Universiti Teknologi MARA Act 1976 (Akta 173). The Panel of Examiner recommends that the student be awarded the relevant degree. The Panel of Examiners was as follows:

MADAM RABIATUL ALAWIYAH
BINTI ZAINAL ABIDIN
1 st Panel

SIR MUHAMMAD ADDIN BIN
BUHANUDDIN
2nd Panel

ABSTRACT

COVID-19 is new disease that caused by strain of coronavirus, a type of virus known to cause respiratory infections in humans body. This new disease was unknown December 2019, when an outbreak cause emerged in Wuhan, China. In addition, the COVID-19 pandemic has affected the global stock market return. The number of COVID-19 cases in Malaysia increased which lead to the government of Malaysia announced a movement control order (MCO). The outbreak forced the shutdown the operation of business and daily activities, then affected the stock market. The consequences of infectious are considerable and have been directly affecting stock markets return worldwide. The main aim of this study is to investigate the effect of COVID-19 outbreak towards Malaysian stock market return. The dependent variable used in this study is healthcare index return. While, the independent variables used in this study are COVID-19 cases, COVID-19 death cases, financial market volatility VIX index and money supply. This study using the secondary data and using daily data which the sample period covered from 24 January 2020 to 23 November 2020. The results also showed that all independent variable tended to affect the healthcare index return. The results of this study shows the effect of COVID-19 on healthcare index return.

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INTRODUCTION

1.1 Introduction

This chapter will discuss on the background of the study, problem statements, research questions, research objective, significance and scope of the study and definition of key terms.

1.2 Background of the study

The number of COVID-19 cases in Malaysia increased rapidly to by the end of February 2020. In March 2020, the cases increased to 2,626 cases on 31 March 2020. Due to the outbreak, the government of Malaysia announced a movement control order (MCO) to prevent the spread of this infectious disease.

In response to the severity of the COVID-19 impact on business (Kelvin, 2020) and major events, including schooling (Toda, 2020) is unprecedented. Under the so-called Movement Control Order (MCO), all private and government offices, business premises, and places of worship, except those of these that were considered essential services, were closed.

The Malaysian stock market return has also taken a hit from the COVID19 pandemic. As of March 27, 2020, the Bursa had sunk to its lowest numbers in a decade, having fallen 20.52% since the start of the year (Marceljude, 2020).

Meanwhile, the outbreak effect the stock market return performance likely to have minimal impact on the Malaysian healthcare sector in the near term. Nevertheless, for the long term, healthcare will rising the awareness from the outbreak should be positive for the sector (The Edge Market, 2020).