



**PRE-CRISIS, DURING CRISIS AND POST-CRISIS
PERIODS (FINANCIAL CRISIS): THE COMPARISON OF
SIX ASIAN STOCK MARKETS PERFORMANCE**

**ZAFIZAH BINTI MARIANI
2005655894**

**Submitted in Partial Fulfillment
of the Requirement for the
Bachelor of Business Administration
(Hons) Finance**

**FACULTY OF BUSINESS MANAGEMENT
UITM, JOHOR**

MAY 2007

ACKNOWLEDGEMENT

All praise to the almighty Allah, the most merciful and most benevolent for giving me the strength and help in completing this research. Here, I would like to take this opportunity to present my special thanks and appreciation to those who directly and indirectly involved in completing this project paper.

Firstly, my special appreciation goes to Mr Muhammad Sukor bin Jaafar, who gives great commitment and corporation to his student's project paper whenever possible. Without his comments, constructive criticism and encouragements, this research cannot be completed successfully.

This deepest and greatest gratitude also goes to my beloved and respected advisor, Puan Norhazilah Binti Ismail for his continuous guideline and motivation, moral support, great ideas and suggestions. With his full forbearance in conducting this research, she had helped me to recognize my weaknesses and gives her never end advices to help me to complete this research successfully. Puan, working with you is a valuable and unforgettable experience in my life. I will never forget it.

This deepest gratitude goes to, who shared her valuable time and commitment particularly during data collection and data analysis. They also continuously gave moral support in completing this project paper. Lastly, I also express my personal thanks to all lecturers and staffs of Universiti Teknologi Mara, Johor Branch and all my friends that had gave their full cooperation to make my study success.

Thank you very much.

| TABLE OF CONTENTS | PAGE |
|-------------------------------------|-------------|
| DECLARATION OF ORIGINAL WORK | i |
| LETTER OF SUBMISSION | iii |
| ACKNOWLEDGEMENT | iv |
| LIST OF TABLES | vii |
| LIST OF ABBREVIATION | viii |
| ABSTRACT | ix |
| CHAPTERS | |
| 1. RESEARCH OVERVIEW | |
| 1.0 Introduction | 1 |
| 1.1 Background of the Study | 8 |
| 1.2 Problem Statement | 11 |
| 1.3 Objective of the study | 13 |
| 1.4 Significant of the study | 14 |
| 1.5 Scope of the research | 14 |
| 1.6 Limitation of the study | 15 |
| 2. LITERATURE REVIEW | |
| 2.0 Introduction | 17 |
| 2.1 Studies about Related Topic | 18 |
| 3. METHODOLOGY | |
| 3.0 Introduction | 24 |
| 3.1 Research Design | 24 |
| 3.2 Data Collection | 26 |
| 3.3 Population and Sampling | 27 |
| 3.4 Data Analysis | 28 |

ABSTRACT

This study focuses on the performance of the six stock markets in the three periods that is pre-crisis, during crisis and post-crisis. The objectives of this study is to know either each market has positive or negative return in that three periods that has stated before this. It also wants to analyze and make a comparison between six stock markets in term of their risk for that's three periods. From the return and risk of that market this study wants to see the performance of six stock markets in that three periods. It also wants to see is it these six stock markets are very affected by financial crisis and what decision that investor will take when they are see the result of the analysis. In make the analysis of the six stock markets in that's three periods, this study used the monthly stock price index from January 1987 to February 2007. Six markets that are used for this study is Stock Exchange of Thailand (SET) for Thailand, Bursa Malaysia Stock Indices (KLCI) for Malaysia, Jakarta Stock Exchange (JSE) for Indonesia, Philippines Stock Exchange (PSE) for Philippines, Singapore Times Index (STI) and also Korean Stock Price Indices (KOSPI) for South Korea. This study is using Average Return or Means to determine the return of these six markets for the three periods. This study also used Standard Deviation to measure risk of the markets (unsystematic risk). From previous researcher, they have concluded that there are has positive and negative return for those six stock markets during those three periods. This study also can be use by the investors as their guideline to know the effect of stock price indices before, during and after the financial crisis.

CHAPTER 1

RESEARCH OVERVIEW

1.0 INTRODUCTION

Financial crisis, actually what is the meaning of financial crisis? Financial crisis is an episode of turmoil in domestic and global financial markets. Such turmoil is generally characterized by sudden, severe or drying liquidity, rapid reversals of capital flows, and contagious propagation of shocks across stock, currency and sovereign debt markets.

As consequences, during the twentieth century, there have been two major financial crises that have struck on an international scale. The first of these occurred during the period 1929 to 1930, mainly affecting the developed nations on both sides of the North Atlantic, while the second crisis, which struck in 1997, was experienced mainly by the newly emerging economies in East Asia. The important lesson learned from the first financial crisis was the need to construct much more sound financial systems within these developed countries and recognition of the requirement for separation of the business of banks, from dealings in stock and insurance.

The two major financial crises have some similarities. Prior to the 1930s, most western nations lacked any form of sound financial system. In the aftermath of the crisis, these countries embarked upon various programs aimed at setting up much more financial system, which would have the capability of meeting various challenges. Therefore, these countries were in a position to withstand the contagion from the second, recent financial crisis in East Asia. Similarly this second crisis also