INTER-MARKET TIMING BETWEEN MALAYSIA, SINGAPORE AND THAILAND

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

FACULTY OF BUSINESS MANAGEMENT
UITM, JOHOR

NOVEMBER 2007

ACKNOWLEDGEMENT

'BISMILLAHIRRAHMANIRRAHIM'

First and Foremost I thank GOD almighty for giving the strength and blessing in completing this project paper. I like to express my gratitude to my respective advisor, En. Muhamad Sukor Bin Jaafar for his devoting time and support as well as his generosity and patient in guiding me to ensure that I meet all the requirement of the project paper. His brilliant advises and thoughts as well as constructive comments have helped me much in completing this project paper within the given period of time. I am indebted for all the valuable views and comments given from the beginning of this project paper until it is successfully completed.

I would also like to acknowledge all staffs in the Bursa Malaysia library for their help and generosity to provide me the assistance in searching for the readings materials and data. I am very appreciated and glad as they support and encourage me to do the best to complete this project paper. It has given me some strength and motivation to complete this project paper.

Special thanks to all the lecturers in Faculty of Business Management for their advice in completing this project paper. My gratitude towards my dearest friends and classmates especially Mohd Faizul Akbar Bin Zakaria for the comments, creative idea, opinions and encouragement in completing this project paper. These people also have contributed a lot in helping me to do this project paper.

My special thanks also to my beloved parents, En. Hashim Bin Kasiring and Puan Way Molainay Binti Mohamad, for their understanding and continuous support. I wish to acknowledge the fact that this project paper is the product of the vigilant prayers of my family, who have supported me throughout my education. Last but not least, I would like to thanks to my brothers and sisters for their true understanding and encouragement.

Hopefully, from the contribution of all those people above and my continuous effort and hard work in completing this project paper will bring an excellent result as well as good findings.

Thank you.

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ABSTRACT

The purpose of this study to examines potential gain for perfect inter-market timing between Malaysia and Singapore and Malaysia and Thailand from Malaysian investor's perspective. Potential gain could be obtained from such timing strategy, and the non-high minimum forecasting ability required for successful timing is fairly attainable for Malaysian investors even after taking into account the assumed transaction costs. The Sharpe Index, average return, standard deviation, coefficient of variance and correlation coefficient are used in this study with continuous stock price data from the year 2003 until July 2007.

The result of the study stated that there is relationship between timing in stock market movement and buy-and-hold strategy. This is due to the potential gain provided in the market timing strategy compared to buy-and-hold. The finding also reveal there is a relationship between transaction costs and market timing strategy because the transaction cost is used to measure the return in perfect market timing. When the transaction costs increase, return perfect market timing decline. These finding is similar with the studies done by Sharpe (1975), Alizera (2004),Kaster (1990) and Wong *et. al* (2000).