THE CORRELATION BETWEEN MALAYSIAN AND ASIAN STOCK MARKET

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ABSTRACT

This project paper examines the correlation between Malaysia and Asian Stock Market. Generally this research involved with Asian stock market which is Kuala Lumpur Composite Index (KLCI), Singapore Straits Times Index (SSTI), Jakarta Stock Exchange Composite Index (JSECI), Philippine Stock Exchange Index (PSEI), and Korea Stock Exchange (KOSPI).

The main goal of this study is to investigate whether Malaysia stock market are correlated with Asian stock market. Furthermore, this study looked at whether there is a relationship between Malaysia and Singapore stock market, relationship between Malaysia and Indonesia stock market, relationship between Malaysia and Philippine stock market and relationship between Malaysia and Korea stock market.

Moreover, Malaysia stock market is a dependent variable and Singapore, Indonesia, Philippines and Korea stock market are independent variables. The sample period is from the year 1997 to 2006. Lastly, in order to analyze the data, this study used simple linear regression tests to analyze the data for all over period and these methods are run on several equations to test the hypotheses.

The results of this research show that Malaysian stock market is significantly associated with Asian stock market. This study also provides the evidence that there is a correlation among Asian stock market.