EMPIRICAL STUDY ON

THE MACROECONOMIC DETERMINANTS TOWARD THE PERFORMANCE

OF KUALA LUMPUR COMPOSITE INDEX

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ABSTRACT

This paper targeted to analyze whether the macroeconomic determinants influence the performance of Kuala Lumpur Composite Index. The variables considered as independent variables are interest rate, inflation, exchange rate and money supply. On the other hand, the variable considered as dependent variable is the performance of Kuala Lumpur Composite Index (KLCI). In addition, the core objective of this study is to find the influence of several macroeconomic variables toward the performance of Kuala Lumpur Composite Index.

This study was conducted with the involvement of monthly data of dependent and independent variables that consist of 13 years data from the year 2000 to the end of 2013 in order to study the effect of macroeconomic variables toward Kuala Lumpur Composite Index (KLCI). Due on that, the main sources of the data are from the Bank Negara Malaysia website's. Furthermore, time series multiple regression analysis had been used to analyses the data collected for this research paper. Interactive software package E-view would be used for testing and analyzing the data collected. Thus, the correlation and covariance analysis also will be used in this investigation for developing comprehensive findings. The result of this research paper would provide us with an indicative view and could form an important basis for investors and the policy makers in their investment strategies and policy decisions respectively.

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