



**THE DETERMINANT OF THE STOCK MARKET
INDEX: CASE STUDY OF MALAYSIA AND
SINGAPORE**

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JUNE 2016

ACKNOWLEDGEMENT

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

“IN THE NAME OF ALLAH, THE MOST GRACIOUS AND MERCIFUL”

Alhamdulillah,

Thanks to Allah S.W.T and praise be to our beloved prophet Muhammad S.A.W for providing us the guidance and blessing in completing our final year project successfully. Without His Grace and Mercy, this project paper may not be completed on time.

Firstly, special appreciation goes to my advisor, Madam Norsaliza Binti Abu Bakar for his supervision and constant support. His invaluable help of constructive comments and suggestions throughout the experimental and thesis works have contributed to the success of this research. Not forgotten, my appreciations to my lecturer of Research Method (MGT 646), Mr. Ahmad Razi Ramli for his support and knowledge regarding the basic understanding of thesis. Then, sincere thanks to all my current and former lecturers and also my friends for their kindness and moral support during my study and during the period to complete this project paper.

Last but not least, my deepest gratitude goes to my beloved parents for their endless love, prayers and encouragement. To those who indirectly contributed in this research, your kindness means a lot to me.

Thank you.

ABSTRACT

This study was provisionally to investigate the determinant of commodity price in comparison to performance of Kuala Lumpur Composite Index and Straits Times Index. KLCI (Kuala Lumpur Composite Index) is a major stock index which tracks the performance of 30 largest companies by full capitalization listed on Main Board of the KLCI. STI (Straits Times Index) is comprised of 33 of the exchange's most valuable firms. It is a modified value-weighted index, which is complicated in calculation, but ensures that the largest firms have the greatest impact on the index's value. This study was based on monthly data basis which are gathered by using sample size of 72 observations over the period between January 2010 and December 2015. The data taken for the research are from several authorized sources such as Bursa Malaysia, and datastream. In order to achieve the objective, Ordinary Least Square Method will be applied on the research model to compute the best linear unbiased equation (BLUE) for the comparison of both indexes toward the commodity prices. As for other reasons, the result revealed by regression and independent T-test shows that the commodity price such as gold, crude oil and crude palm oil will have a positive relationship and impact toward Kuala Lumpur Composite Index and Straits Time index.

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