THE DETERMINANT THE FUTURE PRICE STOCK MARKET

IN MALAYSIA

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ABSTRACT

This study examines the relationship between spot price and dividend yield towards future price. Extending related empirical studies, the fair value determined by Cash and Carry Arbitrage model. Cash and Carry model being as a reference towards this study in determine the variables. The variables taken based on the model such and future price, spot price, risk free interest rate and dividend yield. The risk free rate cannot be taken due to lack of data to further this study. Most of studies such as McGowan and Muhammad (2011), Zulkarnain and Shamsuddin (2012), Abdullah (2011), Ali and Chowdhury (2010) and Lean, H. H., (2015), found that there has positive relationship of spot price and dividend yield towards future price. This project paper, Regression analysis approach was used to determine the significant relationship between spot price, dividend yield and future price based on Malaysia data. The time constrain are from January 2000 to November 2015 by using monthly data. The result from multiple regression analysis shows that only spot price giving strong impact to the future price. The weak relationship between dividend yield and future price is possible due the dividend yield give different result for different test (Van Binsbergen, et al., 2010).

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