



**IMPACT OF MACROECONOMIC VARIABLES ON  
MALAYSIA STOCK PRICE (KLCI)**

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## **ABSTRACT**

The key objective of this study is to investigate the impact of changes in selected macroeconomic variables on stock prices of Kuala Lumpur Composite Index by using quarterly data from 1997 to 2016 (80 observations). To estimate the statistical relationship between stock prices (KLCI) with its determinants which are money supply (MS), consumer price index (CPI), exchange rate (EXC), interest rate (IR) and industrial production (IPI), this study uses Unit Root Tests and Multiple Linear Regressions on Ordinary Least Square (OLS) method. Based on estimated regression coefficients and t-statistics, it is found that money supply has a significant positive relationship with stock prices. Besides that, consumer price index and interest rate is found to have a significant but negative influence on stock prices. Exchange rate on the other hand, has an insignificant and negative relationship on stock prices. In addition, this study had to exclude industrial production due to its high correlation with other independent variables.

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