



**ANALYSIS OF STOCK MARKET PRICE: CASE STUDY OF BLUE-
CHIP COMPANIES IN MALAYSIA**

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ABSTRACT

The FBM KLCI index measures the performance of the 30 blue-chip companies' stock market price. The study tends to investigate what factors that contribute the movement of stock market price among the blue-chip companies. The study comes out with the objective to examine the significant effect of fundamental determinants on the stock price of company among the 17 blue-chip companies in Malaysia. Only 17 companies selected out of 30 companies. The study conducted for a period of 10 years, 2006-2015, with number of observations of 170. Data in 2016 could not be obtained due to some companies selected closed the account in month of June and August. The data collected annually. The study used stock market price as the dependent variable. The independent variables used are dividend per share, earning per share, book value per share, and price earnings ratio. The methodology of this study is using multiple linear regression. The finding resulted dividend per share and book value per share are having positive insignificant impact towards stock market price, and other variables, earning per share and price earnings ratio, show a positive significant impact towards stock market price.

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CHAPTER ONE

INTRODUCTION

1.1 OVERVIEW OF STUDY

This chapter will cover overview of study or the research outline such as problem statement, research questions, research objectives, significance of study, and scope of study.

The blue-chip companies in Malaysia usually will be listed in FTSE Bursa Malaysia Kuala Lumpur Composite Index and also known as the FBM KLCI. FBM KLCI is a stock market index which measures the performance of the 30 largest companies in Malaysia. Back to history, KLCI was introduced on April 4 1986 where KLCI was the first name before it changed to Bursa Malaysia. FTSE was partnered with Bursa Malaysia in 2006 in order to provide better indices and enhance the KLCI. In Bursa Malaysia, there are many indices that measures performance of every type of securities. Those are FBMKLCI, FBMT100, FBM70, FBMSCAP, FBMEMAS, FBMFLG, FA40, FBMSHA, FBMHIJRAH, FBMAACE, FBMAPMYR, FBMAPUSD, FBMPALMOIL, F4GBM, CONSTRUCTN, CONSUMER, IND-PROD, TRAD/SERV, TECHNOLOGY, FINANCE, PROPERTIES, PLANTATION, MINING, and INDUSTRIAL. Every name of indices measures the performance of securities that rely under them.

The blue-chip companies usually can be recognized by dividend payment. So in Malaysia, there are 30 largest companies which known as the blue-chip companies. Those companies are listed due to stable financial flow and better performance of their stock market price. Their stock market price usually deals with higher value. These are the blue-chip companies that listed in FBMKLCI and its sector in 2015: