



UNIVERSITI TEKNOLOGI MARA

**DETERMINANTS FOR STOCK MARKET
PERFORMANCE FOR MALAYSIA
AND UNITED KINGDOM**

**NUR AISYAH BINTI FAIZAL
2020963747**

Final Year Project submitted in fulfillment of
the requirements for degree of
Bachelor of Business Administration (Hons)
Investment Management

Faculty of Business and Management

AUGUST 2022

ABSTRACT

Stock market is crucial not only for investors who wish to grow their wealth over time, but also for a country's economy as it can operate as one of the leading indications for a country's current and future economic state. The purpose of this study is to analyze the determinants for stock market performance for Malaysia and the United Kingdom. This research presents a study of the stock market in Malaysia and United Kingdom over the period of 2011-2021. The total number of years observed in this study is 10. The independent variables in this study include consumer price index, crude oil price, inflation rate, and interest rate, whereas the dependent variable is the stock market performance for Malaysia and United Kingdom.

ACKNOWLEDGEMENT

Alhamdulillah praise to Allah for His blessing. I am able to complete my final year project successfully in given time. Firstly, I am very thankful for my family and especially my friends, Wan Nur Izzati and Nur Ainin Sofia for being my emotional support and always by my side in encouraging me during completing this project.

Secondly, I am very thankful to my advisor, Miss Sharazad Haris for always care and encourage me in completing this project. I am honored for the valuable assistance throughout the process and I appreciate the time she sacrificed in order to help and assist me in completing this final year project.

TABLE OF CONTENT

	Page
AUTHOR'S DECLARATION	
ABSTRACT	
ACKNOWLEDGEMENT	
CHAPTER ONE: RESEARCH OVERVIEW	
1.0 Introduction.....	1
1.1 Research Background	1
1.2 Problem Statement	1
1.3 Research Questions	2
1.4 Research Objectives	2
1.4.1 Main Objectives	2
1.4.2 Specific Objectives	2
1.5 Significance of Study	3
1.6 Scope of Study	3
1.7 Limitations of Study	3
1.7.1 Limited Access	3
1.7.2 Time Constraints	3
1.8 Summary	4
CHAPTER TWO: LITERATURE REVIEW	
2.0 Introduction	5
2.1 Stock Market Performance	5
2.2 Determinants for Stock Market Performance in Malaysia and United Kingdom	5
2.2.1 Consumer Price Index	5
2.2.2 Crude Oil Price	6
2.2.3 Inflation Rate.....	6
2.2.4 Interest Rate	7

CHAPTER ONE

RESEARCH OVERVIEW

1.0 Introduction

This chapter will discuss the background of the study and provide an overview of the conducted research. The issue with this study will also be highlighted. The study's research objective and research question will be addressed by the findings. Additionally, the study's scope, importance, and constraints will all be covered in this report.

1.1 Research Background

The contribution of financial development particularly the stock market in economic expansion is no longer in doubt. Both emerging and developed countries have focused on the factors that influence financial development throughout the previous decade. The majority of the previous research, in particular, concentrated on the factors that influence stock market development in a single country rather than a group of countries. Factors including consumer price index, crude oil price, inflation rate and interest rate were the primary determinants that influence stock market performance. These variables were incorporated in the model and tested using time-series analysis methods on this basis. This study is expected to help the countries to focus on the significant factors that influence their stock market performance for future economic growth.

1.2 Problem Statement

Based on the previous research, the majority of the study focused on the large market such as China and India. This indicates that there is a lack of studies on Malaysia's stock market performance. Moreover, the previous studies on Malaysia's stock market performance have been a while and there are no recent studies conducted using the latest data. In addition, there is an issue regarding the relationship between the crude oil price and stock market performance. Naturally, when the crude oil prices increase, the input costs and overall production costs also increases as well. This will affect the profit margins to fall which will decreases the stock price of that company. Despite that, there is a study which found the positive relationship between the oil price and stock market index. Thus, this study will extend the current literature reviews and provide results by using the latest data for Malaysia and United Kingdom.