UNIVERSITI TEKNOLOGI MARA

THE RELATIONSHIP BETWEEN MACROECONOMIC VARIABLES AND THE PERFORMANCE OF MALAYSIA MARKET

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ABSTRACT

This study examines the relationship between three (3) macroeconomic factors, namely oil price, exchange rate and money supply and the Kuala Lumpur Composite Index Stock Market Return, monthly from January 1997 to December 2015. Multiple Linear Regression was used to explore the statistical relationship and evaluate the hypotheses in this paper. EViews were used to examine the data. The findings of this study shows that oil price, exchange rate and money supply significantly have a relationship with the return on KLCI stock market.

Key words: exchange rate, Kuala Lumpur Composite Index stock market return, money supply and oil price

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CHAPTER ONE
INTRODUCTION

1.1 Introduction

This chapter will summarize the research. Section 1.1 will outline the research context, followed by section 1.2's background of study. The problem statement and research objectives will be presented in Sections 1.3 and 1.4, respectively. Section 1.5 will be the research questions, followed by the significance of the study in Section 1.6. Scope of study and limitation of the study will be presented in Section 1.7 and 1.8. Following that, this chapter will conclude with the chapter's structure and conclusion.

1.2 Background of Study

The study of the stock market has been one of the primaries focuses of academics throughout the last several decades. This is because the stock market is crucial not only for investors who wish to enhance their wealth over time, but it is also vital for a country's economy because it can operate as one of the leading indications for a country's current and future economic state.

1.2.1 History of Stock Exchange in Malaysia

Figure 1: Timeline for Formation of Bursa Malaysia

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