



**IMPACT OF MALAYSIA BUDGET  
ANNOUNCEMENT TOWARDS MALAYSIA STOCK  
MARKET**

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## CHAPTER ABSTRACT INTRODUCTION

This paper examines the impact of Malaysia Budgets during the Premiership of Datuk Seri Najib Tun Razak from 2009 to 2013 on the stock market represented by FTSE KLCI in terms of returns and volatility. The governments have often chosen to use the Budget speech as a mechanism for announcing important new policy. The impact of FTSE KLCI has been studied prior to and subsequent to budget day. With regard to return the result proves that budgets have the significant impact on the period stated. Empirical studies reveal that stock market activities influenced by the Budget.

knowing the development of the economic activities that will take place in the future. The reaction of stock market depends on how the investors react and on various economic activities that occur. The impact basically will be seen over the long-term of shares performance if one goes by fundamental analysis (Chelala, 2013).

In any economy in the world, the economic conditions are being assessed by the stock market. Higher return means higher profitability of the firms and eventually affecting the economic growth and vice versa. Stock market basically acts as a channel to direct the funds from individuals by utilizing individual owned resources. With this role, the stock prices volatility can significantly affect the performance of the financial sector as well as the economy.

There are various factors held responsible for the movement of stock prices in the market. Some studies suggests that micro variables such as dividend per share, company size, book value per share and etc. have the importance while the macro