



UNIVERSITI TEKNOLOGI MARA

**IMPACT OF COVID-19 ON STOCK
MARKET PERFORMANCE IN
MALAYSIA**

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ABSTRACT

Covid-19 has spread over the world since the first case was recorded at the end of 2019, resulting in over 2 million confirmed cases. On March 11, 2020, the World Health Organization (WHO) designated the Covid-19 virus to be a pandemic. The global financial market, which includes Malaysia, has been impacted by the Covid-19 outbreak. The Movement Control Order (MCO) not only restricts human movement, but it also limits financial profitability for businesses and has a substantial influence on stock market performance. The objective of this research is to see if there's a relationship between Malaysian stock market performance and factors associated with the new Coronavirus (Covid-19) pandemic outbreak. This research is aimed at the FTSE Bursa Malaysia KLCI Index and eight other important indexes from January 2, 2020, to April 30, 2020, which includes the first three MCOs. The independent variables used in this study were the Bursa Malaysia FBM KLCI Index. The dependent variables used in this study were (i) percentage change in new cases of Covid-19; (ii) percentage change in recovery cases from Covid-19; (iii) percentage of completed Covid-19's vaccinations; (iv) changes in interest rates, and (v) exchange rates. The sample period of this study covered from March 2020 to April 2021. These insights can assist Bursa Malaysia investors manage their investment portfolios according to their risk tolerances and gain a better knowledge of the impact of Covid-19 on different sectors in Malaysia. Expected finding for new cases, recovery cases and completed vaccination have a positive relationship. Meanwhile, for the interest rates and exchange rates have negative relationship.

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TABLE OF CONTENT

	Page
AUTHOR'S DECLARATION	ii
ABSTRACT	iii
ACKNOWLEDGEMENT	iv
TABLE OF CONTENT	v
LIST OF TABLES	viii
LIST OF FIGURES	ix
CHAPTER ONE: INTRODUCTION	1
1.1 Introduction	1
1.2 Background of Study	2
1.3 Problem Statement	3
1.4 Research Questions	4
1.5 Research Objectives	4
1.6 Significance of Study	5
1.7 Scope of Study	6
1.8 Limitations of the Study	6
1.9 Definition of key terms	7
1.10 Summary	9
CHAPTER TWO: LITERATURE REVIEW	10
2.1 Introduction	10
2.2 Impact of Severe Acute Respiratory Syndrome (SARS)	10
2.3 Impact of Covid-19	12
2.4 Impact of Completed Covid-19 Vaccinations	13

CHAPTER ONE

INTRODUCTION

1.1 Introduction

The Coronavirus (Covid-19) pandemic began in the Chinese city of Wuhan, in the province of Hubei, in December 2019. The new Coronavirus (Covid-19) pandemic outbreak has produced a societal threat that has harmed both company financial growth and Malaysian economic growth. Malaysia's economic growth has slowed to a 10-year low as concerns over Covid-19 intensify. Malaysia's economic growth has dropped from 4.3 percent in 2019, with the Central Bank of Malaysia announcing that the Covid-19 outbreak will have an impact on the country's growth rate in the first quarter of 2020. Furthermore, Malaysia's GDP growth forecast for 2020 has been lowered from 4.5 percent to -0.1 percent by the World Bank, owing in part to the Covid-19 pandemic.

All private and government offices, commercial locations, and places of worship were shuttered under the Movement Control Order (MCO), with the exception of those that were considered vital services. The number of daily confirmed new cases peaked on March 16, with 235 instances, shortly after the MCO was implemented, and the number of cases per day began to fall progressively after that. The MCO has been extended for a third time, until May 3, 2020. The Conditional MCO (CMCO) was put into effect the next day, on June 9, 2020. The CMCO permits the majority of firms to function, but only provided certain safety precautions are properly followed. There were 6,779 confirmed Covid-19 cases as of May 13, 2020, 5,281 instances of those who had recovered from the coronavirus (77.9%), and 111 fatalities from the coronavirus (1.64 percent).

Other than pandemic of Covid-19, H1N1 considered as pandemic in 2009. On June 11, 2009, the World Health Organization declared the influenza A (H1N1) outbreak a pandemic. In Malaysia, when the first H1N1 pandemic case was confirmed in May 2009, the media began emphasising the public health hazard. On September 25, 2010, 92 people died as a result of H1N1.

Moreover, SARS had infected 8460 persons globally as of June 25, 2003, with 808 fatalities. There were two fatalities and five suspected cases in Malaysia. In