



UNIVERSITI TEKNOLOGI MARA

**FACTORS AFFECTING
THE PERFORMANCE OF STOCK MARKET:
BEFORE COVID-19 AND DURING COVID-19**

NURNABILAH BINTI MOHAMAD SEKAK

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ABSTRACT

The Covid-19 pandemic appears to be the most significant phenomenon to all countries in the beginning of March 2020. The need to prevent the spread of Covid-19 and maintain the efficiency of health-care systems necessitated a forced as well as drastic limitation needs to be done for economic activities. Many industries were impacted. Not to forget, the pandemic also had a significant impact on stock markets and it is proved by the performance of stock market. Thus, this study meant to investigate the factors that effecting the performance of stock market which is before Covid-19 and during Covid-19. The current research paper investigates the relationship between FTSE4Good Bursa Malaysia and four selected macroeconomic variables namely Crude price oil, Interest rate, Exchange rate and Interest rate. The research consists of 71 monthly observations from the period of January 2016 to November 2021 and it will be divided in two different period which is before Covid-19 and during Covid-19. In this research, descriptive analysis, correlation analysis, regression analysis, multicollinearity test and normality test were performed. In the end, the researcher can conclude that Crude price oil (CPO), Exchange Rate (EXR) and Inflation rate (IFR) have significant impact to FTSE4Good Bursa Malaysia.

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TABLE OF CONTENT

	PAGES
AUTHORS DECLARATION	1
ABSTRACT	2
ACKNOWLEDGEMENT	3
CHAPTER ONE	
1.1 Introduction	7
1.2 Background of Study	8
1.3 Problem Statement	9
1.4 Research Question	10
1.5 Research Objective	10
1.6 Significant of Study	10
1.7 Scope of Study	10
1.8 Limitation of Study	11
1.9 Definition of Terms	11
1.10 Summary	12
CHAPTER TWO	
2.1 Introduction	13
2.2 Literature Review On Topic	13
2.3 Crude Price Oils	14
2.4 Exchange Rate	14
2.5 Interest Rate	15
2.6 Inflation Rate	16
2.7 Theoretical/Research Framework	16
2.9 Summary	17
CHAPTER THREE	
3.1 Introduction	18
3.2 Sampling	18
3.3 Data Collection	18
3.4 Variables	19
3.5 Research Design	20
3.6 Hypothesis Statement	20
3.7 Research Methodology	21
3.7.1 Descriptive Analysis	21
3.7.2 Correlation Analysis	22
3.7.3 Multicollinearity Test	22
3.7.4 Normality Test	23

CHAPTER ONE: INTRODUCTION

1.1 INTRODUCTION

While the worldwide coronavirus (COVID-19) pandemic led all major stock market indexes to plummet in March 2020, the performance, the size of the drop and the form of the ensuing rebound differed substantially. According to The Edge Market (2021), Malaysia's equity market is still struggling due to high Covid-19 cases and political uncertainty.

The health risk had an impact on economies and financial markets all over the world. When a pandemic strikes, the government imposes lockdown and social distance measures, which cause economic activity to slow. Consumption falls in such an environment, profits for many sectors or industries fall such as sports, tourism, restaurants and travel also the prospects for company profitability are bleak (Vasileiou, 2021). Given that increased health risk leads to increased risk aversion (Decker & Schmitz, 2016).

FTSE4Good Bursa Malaysia, is one of the Malaysia's indexes that be used to measure stock market performance in this study. The components of the FTSE4Good Bursa Malaysia Index are drawn from the FTSE Bursa Malaysia EMAS Index and screened using clear and well-defined Environmental, Social, and Governance (ESG) criteria. The FTSE Bursa Malaysia Index Series for Malaysian Markets benchmarks were created to identify Malaysian businesses with well-known corporate social responsibility policies and the components of the FTSE4Good Bursa Malaysia Index are chosen from among the top 200 Malaysian equities in the FTSE Bursa Malaysia EMAS Index, based on transparent and well-defined Environmental, Social, and Governance (ESG) criteria. The ESG Ratings are a useful tool for investors looking for adaptable, data-driven solutions that can be easily integrated into investment processes.

Considering COVID-19 has spreading to all around the world, the unpredictability of the stock market performance has become a major subject in developing countries like Malaysia. For these reasons, the central bank of Malaysia, Bank Negara Malaysia (BNM) and the government have to pay a close attention in the behaviour of the stock market, because an increase or decrease in the stock prices could reflect future growth or recession of the economy respectively.