



UNIVERSITI TEKNOLOGI MARA

**THE EFFECT OF COVID-19 TOWARDS ENERGY SECTOR IN
MALAYSIA STOCK MARKET**

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ABSTRACT

Covid-19 has spread over the world since the first case was discovered at the end of 2019 that is resulting in over 2 million confirmed cases. On 11th March 2020, the World Health Organization (WHO) declared the Covid-19 disease a pandemic. The Covid-19 outbreak has also had an influence on the global financial industry including Malaysia. The influence of the Covid-19 outbreak on the Malaysia stock market's energy industry is investigated in this study. The investigation also revealed that there were a few events that had an influence on the Malaysia stock market during the Covid-19 pandemic. The number of Covid-19 daily cases (COVC), the number of Covid-19 daily death cases (COVD) and the Chicago Board of Exchange (CBOE) VIX index were used as independent variables. The study's sample period was from 4th January 2021 to 31st December 2021. According to the research, the COVD showed a negative relationship with the energy sector performance in the Malaysia stock market with the number of Covid-19 daily cases being virtually significantly influenced by the number of Covid-19 daily cases. The COVC has a strong relationship with the energy industry. Number of daily cases in Malaysia not boosted the performance of the sectorial index. As a result, a few crucial conclusions are established. While the number of new Covid-19 cases had no influence on daily deaths, it had a significant impact on the energy and index returns. Furthermore, this analysis can help market participants understand how the Malaysia stock market performed during Covid-19.

Key words: Covid-19, stock market, energy industry, Covid-19 daily cases, Covid-19 daily death cases, Chicago Board of Exchange (CBOE).

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CHAPTER ONE

INTRODUCTION

1.1 INTRODUCTION

The novel Coronavirus (Covid-19) pandemic outbreak has built a social threat that has impacted the financial growth of firms and the economic growth of Malaysia. The coronavirus infection is a disease caused by a virus that is transmitted from person to person. Malaysian economic growth has reached as 10-year low as concerns remain around Covid-19.

The Covid-19 epidemic had an impact on the global stock market, with several firms' stock values falling. Some governments throughout the world have put their countries on lockdown to restrict the spread of potentially lethal diseases and to try to impose social distancing efforts. So, the economic activity has slowed and several businesses such as Trump International Hotel has gone bankrupt (Idris, 2020).

Basically, the energy sectors were also affected during this pandemic. The lack of comprehensive view on the impact of Covid-19 towards all the sectors is the main gap in the existing research. The main aims of this study is to identify the effect of Covid-19 towards the stock market performance in Malaysia and the focus of this study is on energy sectors.