

**THE EFFECT OF UNEMPLOYMENT, INFLATION AND INTEREST RATE TOWARDS  
STOCK MARKET RETURN**

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## **ABSTARCT**

This paper aims to study the relationship between unemployment, Inflation rate and interest rate towards stock market return. There are three independent variables employed in this study which are unemployment rate, inflation rate and interest rate. KLCI stock market return over the period from 2011 - 2015 were collected using monthly data from data stream. Unemployment is somebody that able to work but still not working and it is good news sometimes a bad news for stock depends on economic situation. Inflation is happen when prices faster rise up and cause devalue currency in a country thus will influence the stock price volatility. Interest rate is a way to regulate the economic growth. It is a charged for the borrowing and investment. These three economic indicators are all interrelated and economist and finance specialist attracted to do investigation towards macroeconomic variables and stock return. For the purpose of conducting a time series analysis, 30 companies have been choose from Top 100 companies listed in bursa that has largest trading volume, famous and biggest market share.