



**THE RELATIONSHIP BETWEEN COMMODITY PRICES TOWARDS STOCK
MARKET:**

EVIDENCE FROM MALAYSIA

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ABSTRACT

The globalization causes the commodity price and stock markets in the world become more integrated. It was believed that the performance of stock markets will be affected by global commodity price. This study was carried out to examine the connection between commodity price and stock markets. The Malaysia stock markets were selected as the research target which is Kuala Lumpur Composite Index (KLCI). This study uses 17 years data from the year 1999 to 2016. The GARCH model was implemented in this research to study the relationship between commodity prices and stock markets. The overall result showed that there has a significant relationship between commodity prices and stock market for short term basis. Overall, the findings illustrate several important implications for investors in making optimal investment decisions while engaging in risk management and forecasting changes in stock markets.

Keywords: Commodity, Stock Market (KLCI).