DETERMINANTS OF THE SHARE PRICE

EVIDENCE FROM MALAYSIAN DOMESTIC ISLAMIC BANKING

USING PANEL REGRESSION MODEL

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ABSTRACT

This research examines the determinants of the Islamic share price within the Domestic Islamic in Malaysia whereas the data of 10 Domestic Islamic banks are obtained from the annual report and the sources of database which is Thompson Reuters. The data of the selected sample are covering the period of 10 years from 2007 until 2016. The Islamic share price is used as dependent variable while the internal (bank characteristic) and external (macroeconomic) factor are considered as the independent variables. The internal factor consists of the variables such as net asset value, earnings per share and price earnings ratio while for the external factor comprises of interest rate and gross domestic product. By using the regression model, the results of the independent variable which are earnings per share, price earnings and gross domestic product proved to have positively significant relationship towards Islamic share price while interest rate has a negative relationship with the share price. Despite, net asset value revealed to have no impact towards the Islamic share price in Malaysia. Hence, all the independent variable proves to be significant at 99% interval level except for the net asset value.

Keywords: Domestic Islamic banks, Islamic share price, bank characteristics, macroeconomics, regression.