



**MACROECONOMIC DETERMINANTS OF MALAYSIAN  
STOCK MARKET**

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**BACHELOR OF BUSINESS ADMINISTRATION (HONS) FINANCE**

**FACULTY OF BUSINESS MANAGEMENT**

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**SEGAMAT, JOHOR**

**DECLARATION OF ORIGINAL WORK**

**NURUL ASIAH BT ISMAIL**

**2012309681**

We are hereby, declare that,

- ✓ This work has not previously been accepted in substance for any degree, locally, or overseas and is not being concurrently submitted for this degree or any other degrees
- ✓ This project paper is the result of our independent work and investigation, except where otherwise stated
- ✓ All verbatim extracts have been distinguished by quotation marks and sources of our information have been specifically acknowledged

Signature: -----

Date: -----

## **LETTER OF SUBMISSION**

26<sup>th</sup> April 2015

Mr. Syamsul Bin Samsudin  
Lecturer of Research Methodology  
Faculty of Business Management  
UniversitiTeknologi MARA  
85009 SEGAMAT  
JOHOR DARUL TAKZIM

Dear Sir,

### **SUBMISSION OF PROJECT PAPER**

Attached is the project paper titled “ Macroeconomics determinants of Malaysian Stock Market” to fulfill the requirement as needed by the Faculty of Business Management, UniversitiTeknologi MARA.

Thank you.

Yours sincerely,

.....  
NURUL ASIAH BINTI ISMAIL 2012309681

Bachelor of Business Administration (Hons) Finance

## **ACKNOWLEDGEMENT**

The contributions of many different people, in their different ways, have made this project done easily. We would like to extend our appreciation especially to the following.

First of all, we wish to thankful to Allah S.W.T for the wisdom and perseverance that He has been bestowed upon us during this research project. The most important and especially to be mentioned is to our beloved research advisor, Madam HadalizaBinti Abdul Rahman for her guidance, supervision, and supportive advices. This project paper was successfully completed with her constructive comments and suggestions.

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And not to forget, thank you to all of our classmates from JBM 242 6Bfor their helping, understanding and all the moral support given during these period. I do really appreciate all the helps earned from them

Thank You.

## ABSTRACT

**Purpose** – This paper aims to explore the macroeconomics determinants of Malaysian Stock Market.

**Design/Methodology/Approach** – This research utilized secondary data furnished fully by Datastream for the period of 8 years quarterly starting from 2005 to 2013. The data gathered based from the datastream. The data were analyzed using E-View.

**Findings** – It is found that Malaysian stock market which is Kuala Lumpur Composite index (KLCI) is sensitive to changes in the macroeconomic variables. This research shows that Malaysian stock market is sensitive to changes in the macroeconomic variables.

**Research Limitations/ Implications** – The data gathered is only the secondary data based on the DataStream for a period of quarterly 8years from the period 2005 to 2013

This paper examines the macroeconomic determinants of stock market development using a time series data of 36 emerging economies for 2005 to 2013. The paper finds that macroeconomic factors such as money supply, reserve, interest rate industrial production and exchange rate are important determinants of stock market development in emerging market countries. This result suggests that the resolution of political risk can be an important factor in the development of emerging stock markets. The analysis also shows the factors identified above as determining stock market development in emerging economies can also explain the development of the stock market in Malaysia.