



**IMPACT OF FOREIGN EXCHANGE CURRENCIES TOWARDS MALAYSIAN
STOCK MARKET (KUALA LUMPUR COMPOSITE INDEX)**

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DECEMBER 2016



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DECLARATION OF ORIGINAL WORK

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Hereby, I declare that,

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

Signature: _____

Date: _____

LETTER OF SUBMISSION

26th December 2016

Mr. Syamsyul b. Samsudin

Department of Finance

Faculty of Business and Management

UiTM Segamat, Johor

85000 Segamat

Johor, Malaysia

Dear Sir,

SUBMISSION OF PROJECT PAPER

Attached is the project paper titled “**Impact of Foreign Exchange Currencies Towards Malaysian Stock Market (Kuala Lumpur Composite Index)**” to fulfill the requirement as needed by the Faculty of Business Management, Universiti Teknologi MARA.

Thank You.

Yours sincerely,

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(WAN MOHD NURSYAKIRIN BIN WAN MOHD TARMIZI)

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Submitted in Partial Fulfillment

Of the Requirement for the

Bachelor of Business Administration (Hons) Finance

**FACULTY OF BUSINESS MANAGEMENT
UNIVERSITI TEKNOLOGI MARA**

SEGAMAT, JOHOR

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ABSTRACT

The objective of this paper is to investigate the impact of foreign exchange currencies towards Malaysian stock market which means Kuala Lumpur Composite Index (KLCI). This study will focus on Kuala Lumpur Composite Index (FBMKLCI) stock price movement. The factors that may influence the stock market price will be observed closely. The dependent variable for this research is Kuala Lumpur Composite Index (KLCI). While the 5 independent variables that have been selected are foreign exchange rates of United States (USD), Japan (JPY), Canada (CAD), Great Britain (GBP) and European Union (EU). The data that has been taken are pooled for 10 years (January 2007 – November 2016). The data is from quarterly data from those years. Total number of observations is 38. The data was obtained from Datastream.

This study used quantitative secondary data which is time series data and multiple regression model represented by the ordinary least squares (OLS). It involves the Malaysian stock price index as dependent variable and the independent variables are USD, JPY, CAD, GBP and EU.

The result of this data has been revealed that only USD, JPY and EU have significant relationship with the Malaysian stock market itself while the other two variables CAD and GBP do not have significant relationship with the KLCI.