



**UNIVERSITI TEKNOLOGI MARA**

**A STUDY:**

**THE VOLATILITY OF EXCHANGE RATE THAT  
COULD EFFECT STOCK MARKET IN MALAYSIA**

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**OCTOBER 2010**

**DECLARATION OF ORIGINAL WORK**



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**“DECLARATION OF ORIGINAL WORK”**

**I, NAWWAR BT WAN MANSOOR, (I/C Number: 870514-14-5098)**

Hereby declared that:

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

Signature: \_\_\_\_\_

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## LETTER OF SUBMISSION

28 October 2010

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Dear Sir/ Madam

### **SUBMISSION OF RESEARCH PAPER**

Attached is the project paper entitled "The Volatility Of Exchange Rate That Could Affect Stock Market In Malaysia" to fulfill the requirement as needed by the Faculty of Business Management, Universiti Teknologi MARA, Bandaraya Melaka.

Thank you.

Regards,

.....  
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## **ABSTRACT**

This study examines the relationships between exchange rate and stock market in Malaysia and the relationships between exchange and stock market in Malaysia in different economic condition. Extending related empirical studies, comparative analyses of pre crisis, crisis, and post crisis periods are conducted to comprehensively evaluate how the relationship between exchange rate and stock market in Malaysia was affected by financial crises. In general, the results show that there are positive relationships between exchange rate and stock market in Malaysia. In addition, exchange rate has no significant relationship on stock market in Malaysia at pre economic crisis and during economic crisis. However, exchange rate has significant relationship with stock market generally for 5 years. In addition to this, exchange rates are one of the macroeconomic variables that will explain stock market in Malaysia. In this paper Regression Analysis approach was used to determine the significant relationship between exchange rate and stock market in Malaysia by way of analyzing the trend of the exchange rate and stock markets for the period January 2005 to August 2010. Monthly data were used for the analysis.

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