



THE MACROECONOMIC VARIABLES INFLUENCE MOVEMENT OF STOCK
MARKET (KLCD)

NOOR AMIRA BINTI ARSHAD

2011276712

NURHAIDA BINTI OSMAN

2010517409

BACHELOR OF BUSINESS ADMINISTRATION (HONS) FINANCE

FACULTY OF BUSINESS MANAGEMENT

UNIVERSITI TEKNOLOGI MARA

MALACCA CITY CAMPUS

JULY 2013

‘DECLARATION OF ORIGINAL WORK’



BACHELOR OF BUSINESS ADMINISTRATION (HONS) FINANCE

FACULTY OF BUSINESS MANAGEMENT

UNIVERSITI TEKNOLOGI MARA

MALACCA CITY CAMPUS

We, Noor Amira Binti Arshad, (I/C Number: 900426-02-5322) and Nurhaida Binti Osman, (I/C Number: 890903-03-5480)

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 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 acknowledged.

Signature:

(NOOR AMIRA BINTI ARSHAD)

2011276712

Bachelor of Business Administration

(Hons) Finance

.....

(NURHAIDA BINTI OSMAN)

2010517409

Bachelor of Business Administration

(Hons) Finance

Date:

LETTER OF SUBMISSION

June 2013

The Head of Program
Bachelor of Business Administration (Hons) Finance
Faculty of Business Management
Universiti Teknologi MARA
Malacca City Campus
110 Off Jalan Hang Tuah
75300 Melaka

Dear Sir/Madam,

SUBMISSION OF PROJECT PAPER

Attached is the project paper titled “The Macroeconomic Variables Influence Movement of Stock Market (KLCI)” to fulfil the requirement as needed by the Faculty of Business Management, Universiti Teknologi MARA.

Thank you.

Yours Sincerely,

.....

(NOOR AMIRA BINTI ARSHAD)

2011276712

Bachelor of Business Administration

(Hons) Finance

.....

(NURHAIDA BINTI OSMAN)

2010517409

Bachelor of Business Administration

(Hons) Finance

ABSTRACT

The objective of this research is to identify the relationship between Kuala Lumpur Composite Index (KLCI) and macroeconomic variables which are exchange rate, inflation rate, money supply and interest rate. This research is study on how macroeconomic variables can affect the movement in stock markets. Yearly data from period of 1981 until 2011 have been used. This study adopts two models which are Single Linear Regression and Multiple Linear Regression. Based on the result, the exchanges rate, inflation rate, money supply and interest rate is significant with KLCI. Besides that, the exchanges rate, money supply and interest rate is positive correlated since only the inflation have negative correlated with stock market.

TABLE OF CONTENTS

Bill	Topic	Page
1.	Declaration of original work	i
2.	Letter of Submission	ii
3.	Acknowledgement	iii
4.	Abstract	iv
5.	List of Abbreviations	v
6.	List of Figures/Diagram	v
7.	List Of Tables	vi
8.	Chapter 1 : Introduction	
	1.1 : Background Of Study	2
	1.2 : Problem Statement	3
	1.3 : Research Question	4
	1.4 : Research Objective	5
	1.5 : Significance of Study	5
	1.6 : Scope Of Study	7
	1.7 : Limitation Of Study	7
	1.8 : Definition Of Terms	9
9.	Chapter 2 : Literature Review	
	2.0 : Introduction	12
	2.1 : Stock Market (KLCI Stock Market Index)	14
	2.2 : Inflation (IF)	16