MACROECONOMIC FACTORS AND OIL PRICE INFLUENCE STOCK MARKET RETURN IN MALAYSIA

NORMAH BT SALEHUDDIN
(2012714399)

BACHELOR OF BUSINESS ADMINISTRATION WITH HONOURS (FINANCE)
FACULTY OF BUSINESS MANAGEMENT
UNIVERSITY TECHNOLOGY MARA
MALACCA CITY CAMPUS

JUNE 2015

LETTER OF DECLARATION

BACHELOR OF BUSINESS ADMINISTRATION

WITH HONOURS (FINANCE)

FACULTY OF BUSINESS MANAGEMENT

UNIVERSITY TECHNOLOGY MARA

BANDARAYA MELAKA

“DECLARATION OF ORIGINAL WORK”

I am Normah bt Salehuddin (I/C Number: 900128-03-5776)

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

JUNE 2015

Head of Program

Bachelor of Business Administration (Hons.) Finance

Faculty of Business Management

Universiti Teknologi MARA

Bandaraya Melaka

75300 Melaka

Dear Madam,

SUBMISSION OF PROJECT PAPER (BM242)

Attached is the project paper titled **"MACROECONOMIC FACTORS AND OIL PRICE INFLUENCE STOCK MARKET RETURN IN MALAYSIA"** to fulfill the requirement as needed by the Faculty of Business Management, Universiti Teknologi MARA, Bandaraya Melaka. The purpose of this study is to identify the macroeconomics factors and oil price volatility influence the relationship on stock market return in Malaysia.

We hope this project paper will fulfills the course requirement as needed.

Thanks and Best Regards,

Yours sincerely,

____

NORMAH BT SALEHUDDIN

TABLE OF CONTENTS

ABSTRACT

This project paper title “MACROECONOMIC FACTORS AND OIL PRICE INFLUENCE STOCK MARKET RETURN IN MALAYSIA” is conducted as a part of the requirement needed by the faculty of Business Management, University Teknologi Mara (UiTM). The purpose of this study is to investigate the relationship between the macroeconomic factors and oil price volatility towards the stock market return in Malaysia.

This study aims to examine the relationship between oil price volatility and macroeconomic variables such as real interest rate, real exchange rate, inflation rate and financial crisis that influence stock market return in Malaysia. This study is using quarterly data from 1995 to 2015. Moreover, this study employed Ordinary Least Square model to examine the regression model.

Researcher chose to use time series data method to conduct this study and survey in order to obtain the data. Data used in this research are secondary data such as journals and articles, books, internet, and e-resources from UiTM data stream.

The result obtained shows that the oil price and macroeconomic factors are significant and positively related with stock market return in Malaysia. The researcher also provides some recommendations and suggestion to help the future researcher after analysis, findings and interpretation data is done.