



**THE RELATIONSHIP BETWEEN PRICE
EARNINGS RATIO, DIVIDEND YIELD, AND
KUALA LUMPUR COMPOSITE INDEX TOWARDS
OSK STOCK PRICES**

**SITI HAZIQAH BINTI ZULKEFLI
2008404244**

**BACHELOR OF BUSINESS ADMINISTRATION
(HONS) FINANCE
FACULTY OF BUSINESS MANAGEMENT
UNIVERSITI TEKNOLOGI MARA
KAMPUS BANDARAYA MELAKA**

APRIL 2011

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**Submitted in Partial Fulfillment of the Requirement for
the
Business of Business Administration
(Hons) Finance**

**FACULTY OF BUSINESS MANAGEMENT
UiTM, KAMPUS BANDARAYA MELAKA**

APRIL 2011

DECLARATION OF ORIGINAL WORK



BACHELOR OF BUSINESS ADMINISTRATION (HONS) FINANCE FACULTY OF BUSINESS MANAGEMENT UNIVERSITI TEKNOLOGI MARA KAMPUS BANDARAYA MELAKA

“DECLARATION OF ORIGINAL WORK”

I, SITI HAZIQAH BINTI ZULKEFLI, 890605-04-5162

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: _____

Date: _____

SUBMISSION OF PROJECT PAPER

April 2011

The Head of Program
Bachelor of Business Administration (Hons) Finance
Faculty of Business Management
Universiti Teknologi MARA, Kampus Bandaraya Melaka,
110 Off Jalan Hang Tuah,
75300 Melaka

Dear Madam,

SUBMISSION OF PROJECT PAPER

Attached is the project paper titled “THE RELATIONSHIP BETWEEN PRICE EARNINGS RATIO, DIVIDEND YIELD, AND KUALA LUMPUR COMPOSITE INDEX TOWARDS OSK STOCK PRICES” to fulfill the requirement as needed by the Faculty of Business Management, Universiti Teknologi MARA.

Thank you.

Yours sincerely,

SITI HAZIQAH BINTI ZULKEFLI

2008404244

Bachelor of Business Administration (Hons) Finance

ABSTRACT

Stock prices is one of the most important indicator readily available to the investors for their decision to invest or not in a particular stock. Theories suggest that stock price changes is associated with changes in fundamental variables which are relevant for stock valuation like payout ratio, dividend yield, capital structure, earnings size of the firm and its growth. As one of the main purpose of this study is to examine the relationship between price earnings ratio, dividend yield and Kuala Lumpur Composite Index (KLCI) to the movement of OSK's stock prices. Single linear regression and multiple regression analyses are used to explore the association between stock price changes and the variables. The data used consists of a monthly data from March 2006 to March 2011. A positive relation is found between price earnings ratio, KLCI and stock prices changes. However, a negative relation between dividend yield and stock prices changes. The paper supports the fact that stock valuation is relevant in determining stock prices changes for the of OSK Holdings Berhad.