



**A STUDY ON MACROECONOMIC
DETERMINANTS TOWARDS BURSA MALAYSIA
STOCK INDEX**

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**BACHELOR OF BUSINESS ADMINISTRATION
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UNIVERSITY TEKNOLOGI MARA
KAMPUS BANDARAYA MELAKA**

OCTOBER 2010

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

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

OCTOBER 2010

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 Nur Hajar Binti Abdul Hamid, 851031-14-5030

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 _____

LETTER OF SUBMISSION

OCTOBER 2010

Puan Nor Aizan Bt Mohamed
The Head of Program
Bachelor of Business Administration (Hons) Finance
Faculty of Business Management
University Teknologi Mara
Melaka

Dear Madam,

SUBMISSION OF PROJECT PAPER

Attached is the project paper title "A study on macroeconomic determinants towards Bursa Malaysia Stock Index" to fulfil the requirement as needed by the Faculty of Business Management, University Teknologi MARA

Thank you

Yours sincerely

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ABSTRACT

The research is about a study on the macroeconomic variables towards Bursa Malaysia stock index. The scope of the study only focuses on the price movement of the FTSE Bursa Malaysia KLCI as a result of the changing in consumer price index, exchange rate, money supply and industrial production index. The objective of this study is to determine the relationship between the macroeconomic variables with the price movement of Bursa Malaysia Stock Index. There are four macroeconomic variables that have been chosen in this study, namely, consumer price index, exchange rate, money supply and industrial production index. The data period cover from January 2000 to December 2009 (10 years), retrieved from Bank Negara and Bursa Malaysia. The Multiple Linear Regression Model is use to investigate the relationship between macroeconomic variables with the price movement of Bursa Malaysia Stock Index by using E-views Software. Three of the macroeconomic variables except industrial production index shows significance correlation and are able to affect the price movement of FTSE Bursa Malaysia KLCI. The final findings indicate that consumer price index and exchange rate show negative significant, money supply shows a positive significant and industrial production index has no relationship with the price movement of FTSE Bursa Malaysia KLCI.