

UNIVERSITI TEKNOLOGI MARA

**SECTOR SPECIFIC IMPACT:
FOCUSING ON FINANCE INDEX AND
INDUSTRIAL PRODUCT INDEX
IN MALAYSIA**

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Final Year Project Paper submitted in fulfillment
of the requirements for the degree of
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AUTHOR'S DECLARATION

I declare that the work in this final year project paper was carried out in accordance with the regulations of Universiti Teknologi MARA. It is original and is the results of my own work, unless otherwise indicated or acknowledged as referenced work. This thesis has not been submitted to any other academic institution or non-academic institution for any degree or qualification.

I, hereby, acknowledge that I have been supplied with the Academic Rules and Regulations for Undergraduate, Universiti Teknologi MARA, regulating the conduct of my study and research.

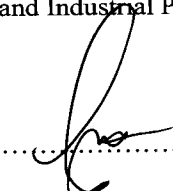
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ABSTRACT

The relationships between macroeconomic factors and the movement of sectorial indices of countries have been well recognized in the previous literature over the last several years. In Malaysia, Finance Sectors (Services) and Industrial Product Sectors is the major contributor towards Malaysia's GDP. This study aims to focus on analyzing the relationship between factors that could affect the Finance Sector and Industrial Product Sector proxies by their indices between year of 1996 until 2017 in order to provide a better understanding on the interactions and relationship between sector and economic activities by estimating the macroeconomic variables namely Money Supply, Exchange Rate, Interest Rate and Inflation Rate towards focused sectors. The sample data taken for the period between 1996 until 2017 and the data is computed using Multiple Regression Model. Expected findings indicate that all variables show a significance relationship with the focused indices. As for Model 1, Exchange Rate and Inflation Rate shows a significant and negative relationship with Finance Index in Bursa Malaysia. Meanwhile, Money Supply and Interest Rate is having a positive relationship with Finance Index. As for Model 2, Money Supply and Inflation Rate is having a positive and significant towards Industrial Product Index while Interest Rate is negatively and significant with Industrial Product Index in Bursa Malaysia. All data is collected in a monthly basis.

Keywords: Bursa Malaysia, Interest Rate, M2, Exchange Rate, Inflation Rate, Finance Index, Industrial Product Index.

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