UNIVERSITI TEKNOLOGI MARA

STOCK MARKET INTEGRATION AND CAUSALITY BETWEEN MALAYSIA, UNITED STATES, SINGAPORE, CHINA AND INDONESIA: DURING AND AFTER FINANCIAL CRISIS

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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

A number of previous studies (theoretically and empirically) have examined cointegration and causal linkages among the global markets. This study comes across when the global economic event (i.e. financial crisis) gives an impact towards Malaysia stock market integration. The sub-prime financial crisis initially affected the Malaysia economy, however, the recovery in the Malaysia and other Asian countries took place at a much faster pace than during the previous crisis. Thus, due to this context, the purpose of this study is to examines the stock market integration and causal relationship between Malaysia, United States, Singapore, China and Indonesia, focusing on the periods of during and post financial crisis. The selected countries being choose according to the top most emerging stock markets related to Malaysia. Five variables used for this study involving Kuala Lumpur Composite Index (KLCI), Standard & Poor's 500 (SNP500), Straits Times Index (STI), Jakarta Composite Index (JCI) and Shanghai Stock Exchange (SSEI). The entire samples collected from the Datastream from 2007 until 2017. The result of this study reveals that there is a cointegration relationship between KLCI and SNP500, STI, JCI and SSEI imply causality during and post crisis.

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