

**EFFECT OF EXCHANGE RATE TOWARD U.S MULTINATIONALS' STOCK  
RETURN**

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

**FACULTY OF BUSINESS MANAGEMENT  
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JOHOR**

**MAY 2008**

**DECLARATION OF ORIGINAL WORK**



**BACHELOR OF BUSINESS ADMINISTRATION (HONS)  
FINANCE FACULTY OF BUSINESS MANAGEMENT  
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**"DECLARATION OF ORIGINAL WORK"**

**I, Nur Darina Binti Khalid, (I/C Number: 850117-14-5686)**

Hereby, declare that,

- This work has not previously been accepted in substance for any degree, locally or overseas and 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: May 2008

## LETTER OF TRANSMITTAL

Faculty of Business and Management  
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May 2008

Rabiatul Alawiyah Bt. Zainal Abidin  
The Head of Program  
Bachelor of Business Administration (Hons) Finance  
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Dear Madam,

### **EFFECT OF EXCHANGE RATE TOWARD U.S MULTINATIONALS' STOCK RETURN**

I'm required to do a project paper on the above topic. I hereby submitted this report and I really hope that this work will fulfill the requirement for the Bachelor of Business Administration (Hons) Finance.

Thank you.

Yours sincerely,

NUR DARINA BINTI KHALID  
2006850718  
Bachelor of Business Administration (Hons) Finance

## ACKNOWLEDGEMENT

All praises to almighty ALLAH, the most merciful and the most benevolent for giving me the opportunities in completing this research paper. It would be impossible for me to spent time to complete this study without the grace and help of ALLAH S.W.T.

I am greatly indebted to En. Muhamad Sukor bin Jaafar whose excellence in supervision and plays a big role in inspired my work. Without his untiring encouragement, suggestions, ideas and comments throughout this study, this research could not be completed.

I also would like to convey my deepest gratitude and indebted to my advisor Madam Tay Bee Hoong, librarian of Universiti Teknologi MARA, Johor Campus and librarian of Bank Negara Malaysia for their co-operation and help throughout the duration of this research.

I dedicate this research to my beloved parents and for their endless support and understanding and also to the rest of my families for their help and encouragement. Beyond a simple thank you, I want them to know that I really appreciate what they had done to me.

## ABSTRACT

This study was examined the relationship of Asian exchange rate towards stock return for U.S multinational. The Asian exchange rate consists of Thailand (Baht), Malaysia (Malaysia Ringgit), South Korea (Won) and Indonesia (Rupiah). The exchange rates are quoted to U.S Dollar.

Data was analyzed over 2 windows, first window from July 1997 to August 1998 during Asian financial crisis. Second window, from September 1998 to June 2007 period of after Asian financial crisis.

An issue of current interest is to know whether exchange rate can influence the stock return of U.S multinationals. The paper has been used simple linear regression method to see the relationship between dependent and independent variables. U.S stock return as dependent variable while Asian exchange rate were used as independent variables.

According to the analysis in general, Asian exchange rate statistically significant relationship with stock return of U.S multinational firms during and after Asian financial crisis.