



اوتنوسيتي تكنولوجي مارا

UNIVERSITI TEKNOLOGI MARA  
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**MACROECONOMIC VARIABLES THAT INFLUENCES  
MALAYSIAN STOCK MARKET (KLCI) AND MALAYSIAN  
ISLAMIC STOCK MARKET (KLSI):**

**COMPARATIVE ANALYSIS**

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## ACKNOWLEDGEMENT

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## TABLE OF CONTENTS

	<b>PAGE</b>
DECLARATION OF WORK	i
LETTER OF TRANSMITTAL	ii
ACKNOWLEDGEMENT	iii
TABLE OF CONTENTS	iv-vii
LIST OF FIGURE	viii - ix
LIST OF ABBREVIATIONS	x
ABSTRACT	xi
 <b>CHAPTER 1: INTRODUCTION</b>	
1.1 Introduction	1
1.2 Background Of Study	2 - 3
1.3 Problem Statement	4
1.4 Research Objectives	4 - 5
1.5 Research Hypotheses	5
1.6 Theoretical Framework	6
1.7 Scope of Study	7
1.8 Significant of Study	7 - 8
1.9 Limitations of Study	8 – 9
1.10 Definition of Term	10

## **ABSTRACT**

This study investigates the relationships between four macroeconomic variables towards Kuala Lumpur Composite Index and Kuala Lumpur Shariah Index from February 2007 to January 2013 which consists a monthly data set of 72 observations. The objective of this study is want to examine and compare which macroeconomic variables that influences more on KLCI and KLSI and the relationship between inflation rate, gross domestic product, exchange rate and interest rate towards KLCI and KLSI. This study employs Pearson Correlation and Multiple Linear Regression to determine the statistical relationship. The findings result shows that there are three independent variables are significant while one independent variable is insignificant for KLCI. Meanwhile for KLSI, there are two independent variables are significant but two independent variables is insignificant. For the diagnostic checking, there is no multicollinearity problem but there is existence of positive autocorrelation problem in the both multiple regression models. The overall study showed the result is quite good which indicates that KLCI and KLSI is move in similar behavior towards the changes of macroeconomics variables which are inflation rate, gross domestic product, exchange rates and interest rates. This study will provide a better understanding on the relevant factors that influences both stock price indices and can take the input as references in making good investment decision.