



اَوْنِبُوْرَسِيْتِي تِيْكَنُوْلُوْكِ مَارَا

**UNIVERSITI TEKNOLOGI MARA
KAMPUS KOTA BHARU, KELANTAN**

**“THE IMPACT OF MACROECONOMIC VARIABLES ON STOCK
MARKET PRICE IN ASIAN COUNTRY: EVIDENCE FROM
INDONESIA, MALAYSIA AND JAPAN”**

**SITI MASITAH HAJDRAH BINTI ABDULLAH
2009166969**

**BACHELOR OF BUSINESS ADMINISTRATION (HONS) FINANCE
FACULTY OF BUSINESS MANAGEMENT
MARA UNIVERSITY OF TECHNOLOGY
KOTA BHARU**

JANUARY 2013

LETTER OF TRANSMITTAL

The Head of Program
Bachelor of Business Administration (Hons) Finance
Faculty of Business Management
University Teknologi Mara
Kota Bharu Campus
Wisma KUB, Jln Sultan Ibrahim
15050 Kota Bharu, Kelantan.

January 2013

Dear Sir/Madam

SUBMISSION OF PROJECT PAPER (FIN 667)

It is with great pleasure that I present you my thesis entitle "**THE IMPACT OF MACROECONOMIC VARIABLES ON STOCK MARKET PRICE IN ASIAN COUNTRY: EVIDENCE FROM INDONESIA, MALAYSIA AND JAPAN**" for your kind evaluation as required by the Faculty of Business Management, Universiti Teknologi MARA.

Thank You.

Yours sincerely,

SITI MASITAH HAJDRAH BINTI ABDULLAH
2009166969
Bachelor of Business Administration (Hons) Finance

ACKNOWLEDGEMENT

In the name of Allah SWT, very grateful and praise to the Almighty Allah, the Most Gracious and Most Merciful for the blessing that gives me strength and patience in completing this project paper on time. Without the permission of Him, it may be impossible for me to have confidence and spirit to do a research and in the same time to complete this project paper.

I am sincerely grateful to all who had assisted me with my project paper. My warmest gratitude to Mr Wan Mohd Firdaus Wan Mohamad as my advisor for giving me the most beneficial assistance and offered countless comments, constant guidance, patience, understanding and inspiration as well as for his constructive criticism in preparing this report. I could not repay his opinions and ideas he gave me in conducting this report. Secondly my humble appreciation goes to Madam Siti Maziah Ab Rahman as my second advisor.

A thousand thanks to all of friends and classmates who I will never forget their kindness and their sharings they gave in completing the report successfully. Then, I would like to express my appreciation to my beloved family for their support, contributions and encouragement.

May Allah forgive our short comings, Ameen.

TABLE OF CONTENTS

TITLE PAGE	i
DECLARATION OF ORIGINAL WORKS	ii
LETTER OF TRANSMITTAL	iii
ACKNOWLEDGEMENT	iv
TABLE OF CONTENTS	v
LIST OF TABLE AND DIAGRAMS	x
LIST OF ABBREVIATIONS	xi
ABSTRACT	xii
CHAPTER 1	
INTRODUCTION	
1.0 History of Stock Market Price	1
1.1 Background of Study	5
1.2 Problem Statement	7
1.3 Research Objective	8
1.4 Research Question	8
1.5 Theoretical Framework	9
1.6 Hypothesis Statements	10
1.7 Significant of Study	11
1.7.1 To The Investor	11
1.7.2 To The Researcher	12
1.7.3 Stock Broking Companies	12
1.8 Scope of Study	13
1.9 Limitation of Study	13
1.9.1 Data Inconsistency	13
1.9.2 Accuracy of Data	14
1.9.3 Restriction of Data and Information	14

ABSTRACT

The purpose of this research is to determine the impact of macroeconomic factors on the stock market price of Asian country. This study embraces four macroeconomic variables which is money supply, foreign exchange rate, consumer price index and money market interest rate and the stock market index for each countries which are Indonesia Stock Exchange (IDX), Kuala Lumpur Stock Exchange (KLCI) and Tokyo Stock Exchange (TSE). The data are gathered from the year 2000 until 2010 on monthly basis. Multiple Linear Regression method is used to analyze the data collection in order to understand the determinants of stock market price in Asian countries selected which is Indonesia, Malaysia and Japan. By testing the dependent and independent variables using Multiple Linear Regression method, the empirical results have found significance relationship between macroeconomic indicators and stock market price in all three countries.

The findings show the impact of macroeconomic variable in stock price for Indonesia, Malaysia and Japan country. The conclusion of this study was the outcome from the findings and recommendation that can help the impact of macroeconomic variables on stock market price get more accurate result.