UNIVERSITI TEKNOLOGI MARA
CAWANGAN KELANTAN

AN EMPIRICAL ANALYSIS OF MACROECONOMIC VARIABLES AND STOCK MARKET RETURN

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LETTER OF SUBMISSION

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The Head of Program

Bachelor of Business Administration (Hons) Finance

Faculty of Business Management

Universiti Teknologi Mara

Kota Bharu Campus

Dear Sir/ Madam

SUBMISSION OF PROJECT PAPER

Attached is the project paper titled "**AN EMPIRICAL ANALYSIS OF MACROECONOMIC VARIABLES AND STOCK MARKET RETURN**" to fulfill the requirement as needed by the Faculty of Business Management, Universiti Teknologi Mara.

Thank You.

Yours Sincerely

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ABSTRACT

This paper attempts to investigate about the relationship between three macroeconomic variables and stock return market from 2008 until 2011 that contains monthly data for 48 sample number of observations. The macroeconomic variables being investigated are consumer price index, money supply measured by M2, and interest rate and the stock market return is Kuala Lumpur Composite Index. Multiple Regressions is used to examine the existence of relationship between stock return and macroeconomic variables. Additionally, this paper investigates which macroeconomic variables are most and least significant with stock market return which is Kuala Lumpur Composite Index. The results of the regression analysis indicate that KLCI is significant and positive relationship examined by money supply. Consumer price index is significant but negative relationship with stock price but interest rate is insignificant and positive relationship with stock prices. Industrial Production is significant positive relationship.