



اُنْجُوْرْسِيْبِي تِيْكْنُوْلُوْجِي مَارَا
UNIVERSITI TEKNOLOGI MARA
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BACHELOR BUSINESS ADMINISTRATION (HONS)
FINANCE**

**THE IMPACT OF BASE LENDING RATE (BLR), GROSS
DOMESTIC PRODUCT (GDP) AND CONSUMER PRICE
INDEX (CPI) TOWARDS PLANTATION STOCK RETURN**

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DECLARATION OF ORIGINAL WORK**

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Hereby, declares that:

1. This work has not previously been accepted in substances for any degree, locally or overseas, and is not being concurrently submitted for this degree or any other degree.
2. This project paper is the result of the independent investigation of the analyst, except where otherwise stated.
3. All verbatim extracts has been distinguished by quotation marks and sources of information have specifically acknowledged.

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ABSTRACT

This study is conducted to answer the question whether interest rate, Gross Domestic Product and inflation rate has a relationship with the selected companies in the plantation sector in Kuala Lumpur Stock Exchange (KLSE). This study is focuses on the stock return of selected companies under plantation sector. As a measurement, monthly of Base Lending Rate (BLR) is used to measure interest rate, Gross Domestic Product (GDP) is used to measure of economics' total production of goods and services and Consumer Price Index (CPI) is used to measure the inflation rate. These factors are considered as dependent variables to test whether these factors have relationships with stock return of selected companies under plantation sectors in KLSE, which represents the independent variable. All data are collected on monthly basis from year 1999 to 2005. From the finding of the research, it can be concluded that interest rate have an inverse or negative relationship with the stock return of the plantation companies because most of the companies have negative relationship. The same result goes to inflation rate. If the inflation rate increase (falls) the stock return will decrease (increase) because the cost of operation and maintenance and value of the company will increase but since the price are high will lead to less demand. Therefore, the profit earnings will less cover the amount of expenses. But in the certain situation, inflation can give a positive relationship towards stock return of plantation companies. While a Gross Domestic Product (GDP) have both negative and positive relationship with stock return of the plantation companies. A positive relationship shows that if the GDP increase will lead to increase of stock return of the companies and its can goes vice versa which means that if the stock return of the plantation companies increase will lead to increase in GDP.