



UNIVERSITI TEKNOLOGI MARA

**MACROECONOMIC DETERMINANTS OF
SINGAPORE'S STOCK MARKET
CAPITALISATION**

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Final Year Project Paper submitted in fulfillment
of the requirements for the degree of
Bachelor of Business Administration (Honours)
Finance

Faculty of Business Management

June 2018

AUTHOR'S DECLARATION

I declare that the work in this final year project paper was carried out in accordance with the regulations of Universiti Teknologi MARA. It is original and is the results of my own work, unless otherwise indicated or acknowledged as referenced work. This thesis has not been submitted to any other academic institution or non-academic institution for any degree or qualification.

I, hereby, acknowledge that I have been supplied with the Academic Rules and Regulations for Undergraduate, Universiti Teknologi MARA, regulating the conduct of my study and research.


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ABSTRACT

Singapore's stock market capitalization has been quite competitive in the first decade of the 21st century, peaking at 300% of its Gross Domestic Product (GDP) in 2007. It went down to 137.8% the next year as the effect of the 2008 global recession, but Singapore quickly jumped to its feet and its market capitalization grew to 250.1% the very next year. The case sparks the question; what are the attributes that made Singapore's stock market capitalization grow so quickly? Following the question, this research aims to find out the macroeconomic determinants of Singapore's stock market capitalization using annual data in the period between 1979 and 2016. In order to achieve the aims of this study, Multiple Regression Method was used, where the Dependent Variable is Stock Market Capitalisation and the Independent Variables are Stock Market Liquidity, Inflation and Financial Intermediary Development. The findings of this research show that Stock Market Liquidity and Financial Intermediary Development have significant positive relationship with Singapore's Stock Market Capitalisation. Inflation does not have significant relationship with Singapore's Stock Market Capitalisation. The findings in this project could be helpful as a reference to the Singaporean Government and other future researches.

ACKNOWLEDGEMENT

I would like to express my deepest gratitude to the coordinator of the Final Year Project for session March-July 2018, Mrs Nur Liyana Mohamed Yousop and my Final Year Project advisor, Ms Nor Haliza Hamzah for their patience in guiding, advising and assisting me in making sure that this Final Year Project is done well. Their encouragements have motivated me to create this project as well as I can.

I also appreciate advices and guidance given by the panel of examiners, Dr Roslina Mohamad Shafi (Panel 1) and Mr Azim Sardan (Panel 2). Without their help, this project could not have been better.

I would also like to extend my thanks to my family, friends and classmates who have helped me in the making of this proposal whether it be mentally, monetarily and even by sharing knowledge.

Last but not least, a very special thanks to UiTM Cawangan Johor, Segamat for providing me the opportunity to write this proposal and extend my knowledge to others, and also for the facilities upon which I have conveniently used for the purpose of its creation.

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