



UNIVERSITI TEKNOLOGI MARA

**DETERMINANT OF MACROECONOMIC VARIABLE
AFFECTING STOCK MARKET RETURN:
COMPARISON BETWEEN MALAYSIA AND
SINGAPORE**

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of the requirements for the degree of
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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

This paper attempts to make comparisons between Malaysia and Singapore as to determine the relationship between of the both country stock return and selected macroeconomic variables such as interest rate (IR), exchange rate (ER), money supply (M2) and inflation (I) from 2012 until 2016. These variables contain monthly data of 490 samples of observation. The aim of this paper to determine which macroeconomic variables are most the most significant in influencing the stock market comparison between 2 countries that are Malaysia and Singapore. Multiple Regressions was used to examine the existence of relationship between stock return and macroeconomic variables. The data was analysed using EViews software version 10. It is expected that interest rate and exchange rate has negative relationship while money supply and inflation has positive relationship towards stock return. The test that use to analyse the data is descriptive, multiple regression, Variance Inflation Factor, Ramsey Reset test, Correlation of Coefficient, Normality test and Autocorrelation. The findings obtain that there is relationship of interest rate, exchange rate, money supply and inflation towards stock price return. The findings also obtain that both countries have same significant value which are exchange rate and money supply.

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