



**UNIVERSITI TEKNOLOGI MARA**

**2016 U.S PRESIDENTIAL ELECTION ON U.S  
STOCK MARKET**

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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

The result for this study can conclude that the after effect of election is significant towards the U.S stock market. This study seeks to answer the question if the result of the 2016 U.S. presidential election affected the stock market return in U.S. This study generate result from three leading stock indices of U.S. which is the New York Stock Exchange (NYSE), National Association of Securities Dealers Automated Quotations exchange (NASDAQ) and the Standard & Poor's 500 (S&P 500) as the studied variables. For the independent variables, this study used the 2016 U.S. presidential election which represent by the event window that happen during the presidential election. The first event is the first five trading days after Sen. Ted Cruz cleared the path for Mr Trump to clinch GOP nomination at May 4, 2016 to May 10, 2016. For the second event window which started May 27, 2016 until June 2, 2016 after Mr Trump formally secured the Republican presidential nomination. The third event window started November 9, 2016 to November 15, 2016 which the first five trading days after Mr Trump won the presidency in United States of America. The election somehow will have impact towards many variables. For example, the economy, stock market returns and also the oil prices. As U.S. is one of the most influences country towards world economy, there will be a huge impact when the election happened. It has been proved to have significant impact towards other country. Thus, this study being made to know the result towards U.S. itself. For this study, it will be used the time series data of the variables in order to obtain the result. The multiple and dummy regression will be used as well as the t-test, Variance Influence Factors, Breush-Godfrey Serial Correlation LM test and Breush-Pagan-Godfrey test in this study. The previous studies have suggested few theories that hypothesize that the general election will affect the country stock market. There will be significant impact towards the three leading stock indices which is the NYSE, NASDAQ and the S&P 500.

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