UNIVERSITI TEKNOLOGI MARA

CO-INTEGRATION AND CAUSALITY BETWEEN TAPIS CRUDE AND STOCK PRICES IN MALAYSIA

NURUL HIDAYAH BINTI MOHD KHAIRI
2016316913

Final Year Project Paper submitted in fulfillment
of the requirements for the degree of
**Bachelor of Business Administration
(Investment Management)**

Faculty of Business and Management

December 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.

Name of Student   :   Nurul Hidayah Binti Mohd Khairi

Student I.D. No.   :   2016316913

Programme   :   Bachelor of Business and Administration (Hons)
                           Investment Management.

Faculty   :   Business and Management

Thesis   :   Co-integration & Causality Between Tapis Crude &
                           Stock Price in Malaysia

Signature of Student   :   ....

Date   :   December 2018

ABSTRACT

Oil-exporting and oil-importing economies are not always the same with oil price. Even though contrary outcome of oil price additions is much more obvious in oil-importing nations, oil exporters are also affected through their transaction with other countries. Meanwhile in the economy, the influence of oil price movement is not always the equivalent cross different sector and industries. Co-integration tests assistance recognize any significant association among variables. Variables with various trends cannot have a long-run association with each other, suggesting that there is mostly no support for conclusions based on model allocations (Sjö, 2008). In general, presume that the system is integrated of order I(1), the idea being that international stock markets are likely to be co-integrated under the Johansen co-integration test hypothesis (Yusupov and Duan, 2010) meanwhile many of the same variables affect market performance, resulting in co-integration in the long run. This study used the causal study because it will focusing on what is the cause and effect from the independent towards the dependent. Besides, this study is vital to identify the co-integration relationship between the dependent and independent variables. This study concluded here is a co-integration between independent variable and dependent variable.

LIST OF ABBREVIATIONS

Abbreviations

TAPIS	Tapis oil price
CON	Construction Company Stock Price
TRA	Trading Services Company Stock Price
FIN	Finance Company Stock Price
IND	Industrial Company Stock Price

TABLE OF CONTENTS