



**UNIVERSITI TEKNOLOGI MARA**

**MALAYSIA AND ASIA STOCK MARKET  
LINKAGE: ANALYSIS OF GLOBAL FINANCIAL  
CRISIS**

**MAHIRAH BINTI YUSOFF  
2014762071**

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

**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 : Mahirah binti Yusoff

Student I.D. No. : 2014762071

Programme : Bachelor of Business and Administration (Hons)  
Finance

Faculty : Business and Management

Thesis : Malaysia and Asia Stock Market Linkage: Analysis of  
Global Financial Crisis

Signature of Student :  .....

Date : December 2018

## **ABSTRACT**

This study investigates stock market linkage between Malaysian stock market and Asian Stock market for an analysis of global financial crisis. The issues of this study is to know and get the clear picture of the volatility of Malaysian stock index whether it is depends with other stock market index in the Asian region considering the event before and after the global financial crisis 2007-2008 with the latest data of information. Besides that, the purpose of this study is to have a clear view on the relationship between the dependent variable of Bursa Malaysia Composite Index (FBMKLCI) and independent variables of Indonesia Stock Exchange Composite Index (IDX), Singapore Straits Time Index (STI), Korea Composite Stock Price Index (KOSPI) and Stock Exchange of Thailand SET Index (Bangkok\_SET). The data observation data are collected for 120 observations of daily data of each observe stock market before and after the crisis found in Data Stream Professional. The data has been analysed by using Eviews 9.0 to do descriptive, multiple regression, correlation analysis and test on assumption. The findings for the period before the crisis indicate that STI and Bangkok\_SET are significant relationship with FBMKLCI and surprisingly for the period after the crisis, STI, Bangkok\_SET and KOSPI have significant relationship with FBMKLCI in explaining the linkage of Malaysian stock market and Asian stock market.

## **ACKNOWLEDGEMENT**

Firstly, thanks to ALLAH S.W.T, the Most Gracious and the Most Merciful for giving me strength on completing this project paper. All the praises and thanks to Him for giving me the times, wills, guidance and strengths during the period of this project. Besides, this project paper will not successfully complete without cooperation from many parties. They have contributes a lots in preparing this project paper. I am thankful to many people who provide me the kind assistance or had contributed immensely to the success completion of this project paper in due time.

I wish to express my sincere gratefulness and gratitude to Madam Norsaliza binti Abu Bakar whose act as my advisor. My appreciation also goes to Madam Nur Liyana Mohamed Yousop whose act as my coordinator. Furthermore, special thanks dedicated to the staff of UiTM Johor Library as well as my fellow classmates and friends for their helps, concerns, morals and materials support. I would like to grab this opportunity to express my deepest appreciation for those who had contributed a great deal towards the completion of this project paper. I have learnt much about this subject. I wish to extend my appreciation to my family, especially to my parent for their moral support in completion this project paper. In conclusion, I am grateful to ALLAH S.W.T for his guidance and the continuous good health and wealth which without His blessed I might have not complete this project paper. Thank you.

## TABLE OF CONTENT

	<b>Page</b>
<b>AUTHOR'S DECLARATION</b>	<b>1</b>
<b>ABSTRACT</b>	<b>2</b>
<b>ACKNOWLEDGEMENT</b>	<b>3</b>
<b>TABLE OF CONTENT</b>	<b>4</b>
<b>CHAPTER ONE INTRODUCTION</b>	<b>6</b>
1.1 Introduction	6
1.2 Research Background	6
1.3 Problem Statement	8
1.4 Research Questions	9
1.5 Research Objectives	10
1.6 Significance of the Study	11
1.7 Scope of the Study	12
1.8 Limitation of the Study	12
1.9 Summary	13
<b>CHAPTER TWO LITERATURE REVIEW</b>	<b>14</b>
2.1 Introduction	14
2.2 Literature Review on the Topic	15
2.3 Literature on Variables: Indonesia Stock Exchange Composite Index (IDX)	16
2.4 Literature on Variables: Singapore Straits Time Index (STI)	18
2.5 Literature on Variables: Korea Composite Stock Price Index (KOSPI)	21
2.6 Literature on Variables: Stock Exchange of Thailand SET Index (Bangkok S.E.T)	23
2.7 Research Framework	25
2.8 Summary	26