UNIVERSITI TEKNOLOGI MARA

THE DETERMINANTS OF MALAYSIAN STOCK MARKET PERFORMANCE

MUHAMMAD AMMAR BIN MUHAMAD HARZAN

2016653446

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

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.

Name of Student	:	Muhammad Ammar Bin Muhamad Harzan
Student I.D. No.	:	2016653446
Programme	:	Bachelor of Business and Administration (Hons) Investment Management.
Faculty	:	Business and Management
Thesis	:	The Determinants Of Malaysian Stock Market Performance
Signature of Student	:	....
Date	:	June 2018

ABSTRACT

This research examines the effect of selective variables on the Malaysian stock market performance from 1980 to 2016. From the 36 yearly data observations, this research applied several empirical tests to determine the impact of selective variables on stock market performance. From the empirical test, exchange rate, foreign direct investment has the positive relationship with Malaysian stock market performance, while consumer price index, industrial production index and money supply has the negative relationship with Malaysian stock market performance. The Normality Jarque-Bera (JB) Test showed that the error terms are normally distributed and the model is significant at 5% significance level. Lastly, result from unit root test indicated that all variables is station at level and first difference while other variables are stationary at first difference.

ACKNOWLEDGEMENT

Firstly, I wish to thank Allah for giving me the opportunity to embark on my Bachelor and for completing this long and challenging journey successfully. My gratitude and thanks go to my supervisor Prof Madya Noor Izah Binti Ismail and Prof Madya Shukri.

Apart from that, we are thankful for the infrastructures and facilities provided by Perpustakaam Tun Dr Ismail (PTDI). Without those facilities, I'm unable to acquire the data, journal articles and information required in conducting our research.

Finally, I would like to thank my friends, course mate and parents who always give me the biggest supports on the way of accomplishing this final year project. Their dedications are gratefully acknowledged, together with the sincere apologies to those I have inadvertently failed to mention.

TABLE OF CONTENTS

AUTHOR'S DECLARATION	ii
ABSTRACT	iii
ACKNOWLEDGEMENT	iv
LIST OF TABLE	vii
LIST OF FIGURE	viii
LIST OF ABBREVIATION	ix
CHAPTER ONE INTRODUCTION	1
1.1 Introduction	1
1.2 Research Background	2
1.3 Problem Statement	5
1.4 Research Questions	6
1.5 Research Objectives	7
1.6 Significance of the Study	8
1.7 Scope of the study	8
1.8 Summary	9
CHAPTER TWO LITERATURE REVIEW	10
2.1 Introduction	10
2.2 Review of Literature	10
2.3 Summary	17
CHAPTER THREE RESEARCH METHODOLOGY	18
3.1 Introduction	18
3.2 Theoretical Framework	19
3.3 Data Collection Method	19