



UNIVERSITI TEKNOLOGI MARA

**RELATIONSHIP BETWEEN
MACROECONOMICS
DETERMINANTS AND INITIAL
PUBLIC OFFERING LISTED IN
BURSA MALAYSIA**

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ABSTRACT

The purpose of this paper is to answer the question of whether local macroeconomic variables have any impact on the number of IPO in the emerging market in Malaysia. IPO activity in Malaysia over the past 18 years highlights the economic significance of the Kuala Lumpur stock exchange. In this study of the relationship between macroeconomics determinant and initial public offering (IPO) listed in Bursa Malaysia are using the annual data from World Bank over the period 1990 until 2019. Dependent variables is macroeconomics determinant. Meanwhile the independent variables are interest rate, inflation rate, gross domestic product, and industrial production index. Multiple Linear Regression with time series data sourced from the World Bank Data and Department of Statistic Malaysia (DOSM) is the approached for this analysis. It is suitable carrying out the econometrics test to observed the relationship between macroeconomic determinants and IPO. E-views interactive software package is used to test and analyze the data collected. The evidence of significant negative relationship between interest rate and the number of IPO and a positive relationship between industrial production index and number of IPO are founded. The outcome from this study would given an indicative point of view and could form significance basis for future investor that knowledge about the relationship between macroeconomics determinants and initial public offering listed in Bursa Malaysia.

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CHAPTER ONE

INRODUCTION

1.1 Introduction

The initial public offering is the process by which a private company can go public by selling its shares to the general public. It may be a small, new business or an established business that wishes to be listed on an exchange and therefore goes public. By selling new shares to the public, corporations can raise equity capital with the help of an initial public offering (IPO), or existing shareholders can sell their shares to the public without raising any new capital. In this paper, I want to find the relationship between macroeconomics determinants and IPO listed in Bursa Malaysia. Is it true that macroeconomics determinants has a relationship with IPO ? There are so many macroeconomics determinants that have a relationship with the initial public offering in Malaysia but in this paper I want to study which macroeconomics determinants is really giving the impact in the relationship with the number of IPO. If the relationship between macroeconomics determinants and IPO is positive or negative.