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DETERMINANTS OF STOCK MARKET PERFORMANCE : THE CASE OF MALAYSIA INDUSTRIAL PRODUCT AND SERVICES SECTOR

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FULL REPORT

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ABSTRACT

The study of the determinants of stock market performance has been well known for years. Typically, the study focuses on macroeconomic conditions in the context of developed countries. The purpose of this research is to bridge the gap by analyzing the factors that impact the output of the stock market of a developing country, namely Malaysia. More precisely, by including Gross Domestic Product, inflation rate, exchange rate and US Stock Market in assessing their relationships with the performance of the Malaysian stock market price, this analysis attempts to expand existing literature reviews. This study will focus on the industrial products & services sector and will collect Bursa Malaysia data as a dependent variable sample. World Bank Data will collect independent variable data on a monthly basis from 2016 until 2019. For this research, the Multiple Linear Regression method with Time Series Data is being used. To test and analyze the collected data while using the E-View software package, the information obtained from the World Bank Database is used.

TABLE OF CONTENTS

PARTICULARS

	ABSTRACT	I
1.1	INTRODUCTION	1
1.2	BACKGROUND OF THE STUDY	1
1.3	PROBLEM STATEMENT	2
1.4	RESEARCH QUESTIONS	4
1.5	RESEARCH OBJECTIVES	4
1.6	SIGNIFICANCE OF THE STUDY	4
1.7	SCOPE OF THE STUDY	5
1.8	LIMITATION OF THE STUDY	6
1.9	DEFINITION OF KEY TERMS	6
1.10	SUMMARY	7
2.1	INTRODUCTION	8
2.2	LITERATURE REVIEW	8
	2.2.1 STOCK MARKET PERFORMANCE IN MALAYSIA	8
	2.2.2 GROSS DOMESTIC PRODUCT	9
	2.2.3 US STOCK MARKET	11
	2.2.4 EXCHANGE RATE	12
	2.2.5 INFLATION RATE	13
2.3	THEORETICAL /RESEARCH FRAMEWORK	15
2.4	SUMMARY	15
3.1	INTRODUCTION	16
3.2	SAMPLING	16
3.3	DATA COLLECTION	16
3.4	VARIABLES	16
3.5	RESEARCH DESIGN	18
3.6	HYPOTHESIS STATEMENT	18
3.7	RESEARCH METHODOLOGY	19

	3.7.1 DESCRIPTIVE STATISTICS	**19**
	3.7.2 MULTIPLE LINEAR REGRESSION (MLR)	**20**
	3.7.2.1 F TEST STATISTICS	**20**
	3.7.2.2 T TEST STATISTICS	**21**
	3.7.2.3 COEFFICIENT OF DETERMINATION (R2)	**21**
	3.7.2.4 ADJUSTED R-SQUARED	**21**
	3.7.3 CORRELATION ANALYSIS	**21**
	3.7.4 LEAST SQUARE METHOD	**21**
3.8	SUMMARY	**22**
4.1	INTRODUCTION	**23**
4.2	DESCRIPTIVE ANALYSIS	**23**
4.3	MULTIPLE LINEAR REGRESSION ANALYSIS	**27**
	4.3.1 F-STATISTICS	**28**
	4.3.2 T-STATISTICS	**28**
	4.3.3 COEFFICIENT OF DETERMINATION	**30**
	4.3.4 ADJUSTED R-SQUARED	**30**
4.4	CORRELATION ANALYSIS	**31**
4.5	MULTICOLLINEARITY TEST	**32**
4.6	HETEROSCEDASTICITY	**33**
4.7	AUTOCORRELATION	**34**
4.8	MODEL SPECIFICATION	**35**
4.9	SUMMARY	**35**
5.1	INTRODUCTION	**36**
5.2	CONCLUSIONS	**36**
5.3	RECOMMENDATIONS	**37**
5.4	SUMMARY	**38**
5.5	REFERENCES	**39**
5.6	APPENDICES	**43**

CHAPTER ONE : INTRODUCTION

1.1 Introduction

An overview of this research will be given in this chapter. The research background will be discussed in section 1.2, and then the problem statement in section 1.3 will follow. The research questions and research goals will be presented respectively in Section 1.4 and Section 1.5. The meaning of the study will be formulated and continued in Section 1.6 by explaining the scope of the study in Section 1.7. Then, limitation of study and definition of key terms in section 1.8 and 1.9 this chapter will end with the Summary in section 1.10

1.2 Background of the Study

In recent decades, one of the primary interests of research remains the study of the stock market. This is because not only for investors who want to increase their wealth over time, but also for the economy of a country, the stock market is important as the stock market can act as one of the leading indicators of a country's current and future economic situation. The purpose of this paper, therefore, is to investigate the factors affecting the stock market, particularly in Malaysia.

1.2.1 Definition of stock market

According to The Economic Times, The stock market is a venue where publicly traded businesses swap securities. The primary market is where companies float shares to the general public in an initial public offering (IPO) to raise capital. Multiple stock trading venues may operate in a country or area that allow trades in stocks and other types of securities.

1.2.2 Malaysia's Stock Market Condition

The status of the stock market in Malaysia. For quarter 2, a historic decline in GDP, with the reduction of Covid-19 at the beginning of June, production contracted at a much slower rate in quarter 3. Moreover, exports decreased at a lower rate due to higher international demand, especially for electronics, while domestic consumption declined less dramatically, with both customer and capital spending declining at a slower rate. Incoming results, turning to Quarter 4, implies that recovery could lose steam.rt by writing or pasting something here and then pressing the Paraphrase button. In October, the Production Purchasing Manager Index (PMI) fell deeper into contractionary territory, suggesting modest growth in new orders and performance. This, coupled with October's re-establishment of the targeted lockout, bodes ill for private behavior. Finally, on 6 November, on the