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UNIVERSITI TEKNOLOGI MARA
CAWANGAN KELANTAN

EXCHANGE RATE CHANGES AND CONSUMER INDEX SECTOR: THE CASE OF UNPEGGING AND ITS INFLUENCE ON THE BURSA MALAYSIA

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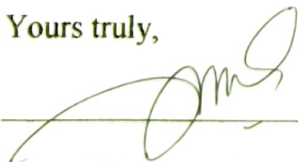Kelantan Darul Naim

Dear Sir,

SUBMISSION OF THE PROJECT PAPER FIN 660
I enclosed here with a project paper titled "**EXCHANGE RATE CHANGES AND CONSUMER INDEX SECTOR: THE CASE OF UNPEGGING AND ITS INFLUENCE ON THE BURSA MALAYSIA**" to fulfill the requirement of the faculty.

I hope this research paper has met the desired objectives for FIN 660 courses.
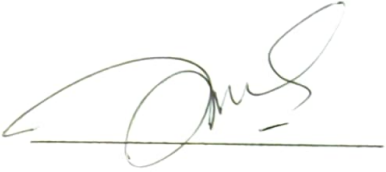
Thank you

Yours truly,

(Azma Haili binti S. Baharuddin, 2009648284)

DECLARATION OF ORIGINAL WORK

I hereby declare that the thesis is based on my original work except for quotations and citations which has been duly acknowledged. I also declare that it has not been previously or concurrently submitted for any other degree or others institutions.

Date: 14 November 2005

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In the name of Allah s.w.t, who are the Most Gracious and Most Merciful

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All your help and kindness, support also guidance may ALLAH s.w.t could repay it back. I am really highly appreciating it for all my life. Without all this precious guidance and support I cannot fulfill this liable on time needed.

Thank You

Wassalam

ABSTRACT

The study mainly focuses on the relationship between the stock prices with the exchange rates. The study provides a clear view of the actual situation of the Malaysian stock prices after the unpegging, includes the review on the stock prices situation and four differences of country exchange rates. In addition, the study also focus on the relationship between the stock prices(as dependent variables) in the Consumer Sector from the Second Board in Bursa Malaysia and the exchange rates (US$,SGD,YEN AND GBP). The study analyzes the data from the 21 July 2005 to 22 September 2005 on the daily basis. The study then examines the influence, if any, the appreciation of Ringgit Malaysia on the movement of stock prices after unpegging. There are two types of method to analyze the data; multiple and simple linear regression. For the multiple linear regression, the study found that the relationship between stock prices and exchange rates only exists for US$ but not for SGD, YEN or GBP. Then, through the simple regression, the study found that no relationship exists between stock prices and exchange rates for US$, SGD, YEN and GBP.