



THE RELATIONSHIP BETWEEN CRUDE OIL PRICE
AND GOLD PRICE TOWARDS MALAYSIAN
STOCK MARKET

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ABSTRACT

The global commodity price was believed would affect the performance of stock market. This paper analyze the impact of oil price return and gold price return to stock prices indices in the context of Malaysia using weekly data and time series method. FTSE Bursa Malaysia Kuala Lumpur Composite Index (FBM KLCI) was selected as the research target and used 10 years data from the year 2004 to 2014. This study provides information to the investors who want to get some benefit of diversification by investing in Oil, Gold and stock market. This research is focuses on current issues and takes the current data to help the investment institutions or portfolio managers. It is expected that the findings of this study will be generated using t-test, f-stat, and r-square.

CHAPTER 1: RESEARCH OVERVIEW

1.0 Introduction

This proposal describes a proposed study of Oil price and Gold price towards stock market. In particular, this study will examine their relationship to Malaysia stock market movement.

Chapter 1 present the outline of this study. It starts with a few imperative areas to be specific the foundation of the study, the issue articulation, goals, examination questions and the extent of study keeping in mind the end goal to uncover the idea of the study. The noteworthy of the study is additionally displayed to demonstrate the estimation of the study. Thereafter, the impediments of the study will be talked about to predict the constraint that may be experienced later. With the end goal of clarity, the meaning of key terms is composed toward the end of this part.

1.1 Introduction of Commodity Market

Commodity market is a physical or virtual commercial center with the motivation behind purchasing and exchanging crude or essential items than made items. There are different sorts of commodities include the soft commodities and hard commodities. The soft commodities are agricultural products such as corn, cocoa, wheat, coffee, sugar, and so on. While the hard commodities are those resources exist naturally and must be extracted or mined, such as gold, oil, rubber, and so on. Speculator's entrance is around 50 noteworthy ware markets worldwide to encourage their venture exchange from just about 100 essential things.

There were numerous ways to invest in commodities because the commodities market is diversified into two segments which is Over the Counter (OTC) market and the Exchange based market. The OTC market usually specified the commodities and they are trade based on the delivery. In this market, the buyer and seller must have their own broker to help them in negotiating the prices and find the agreed price between both of them. Meanwhile for the exchanged-traded market everything is being standardized in this market, there are virtually only derivative markets and people are allowed to purchase a contract with the percentage of the contract value.