



اوتو سي تي تيكيولو جي مارا
UNIVERSITI TEKNOLOGI MARA
CAWANGAN KELANTAN

THE RELATIONSHIP BETWEEN STOCK MARKET AND MAJOR
MACROECONOMIC VARIABLES: A CASE OF THREE PACIFIC RIM
COUNTRIES.

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The Head of Program
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Universiti Teknologi MARA
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Dear Sir,

SUBMISSION OF PROJECT PAPER (FIN 660)

Attached is the project paper titled “**THE RELATIONSHIP BETWEEN STOCK MARKET AND MAJOR MACROECONOMIC VARIABLES: A CASE OF THREE PACIFIC RIM COUNTRIES**” to fulfil the requirement as needed by the Faculty of Business Management, Universiti Teknologi MARA.

Thank you.

Yours Sincerely,

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ABSTRACT

This study examines the relationship between stock market and major macroeconomic variables in 3 Pacific Rim countries. This study is undertaken because of the controversy opinions about the causal relationship between stock market and macroeconomic aggregates. The variables in this study consist of stock market, money supply, national income, interest rate and rate of inflation and the data are collected on monthly basis from 1995 to 2004. The tools such as Regression Model, Correlation Coefficient, and R Square are used to identify the relationship between dependent and independent variables. The T-Statistic and F-Statistic are used to test the significance between the dependent and independent variables. The findings and results show a positive relationship between stock price and major macroeconomic variables. On the other hand the result also found that there are significant relationships with money supply, national income, interest rate and rate of inflation.

