THE IMPACT OF CRUDE OIL PRICE AND GOLD PRICE ON STOCK INDEX: EVIDENCE FROM MALAYSIA

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TABLE OF CONTENTS

List	Page
TITLE PAGE	i
DECLARATION OF ORIGINAL WORK	ii
LETTER OF SUBMISSION	iii
USE OF THESIS	iv
TABLE OF CONTENT	v
ABSTRACT	viii
ACKNOWLEDGEMENT	ix
LIST OF TABLES	x
LIST OF ABBREVIATION	xi
CHAPTER	
1. INTRODUCTION	
1.0 Introduction of Study	1
1.1 Background of Study	1
1.2 Problem Statement	4
1.3 Research Objective	6
1.4 Research Questions	6
1.5 Scope of Study	7
1.6 Significant of Study	7
1.7 Limitation of Study	8
1.8 Organization of the Thesis	9

2. LITERATURE REVIEW

2.0 Introduction 10

2.1 Theory and Model Specification 10

2.2 Literature Review 11

2.3 Conceptual Framework 14

3. DATA AND METHODOLOGY

3.0 Introduction 15

3.1 Data 15

3.2 Research Design 15

3.3 Empirical Model 16

3.4 Measurement Variable 17

3.5 Hypothesis Development 18

3.6 Statistical Method 19

4. FINDINGS AND ANALYSIS

4.0 Introduction 22

4.1 Analysis

4.1.1 Descriptive Statistics 22

4.1.2 Unit Root Test 25

4.1.3 Granger Causality Test 27

4.1.4 Multiple Regression Model 28

4.1.5 F-Test 29

4.1.6 R-Squared 29

4.1.7 Autocorrelation 30

ABSTRACTS

This paper intends to examine the relationship between commodities price such as crude oil price and gold price and stock index of one country, which is Malaysia. Crude oil and gold are example of commodities that are very crucial for those developing or emerging countries. For example Malaysia that is one of the developing countries that depend on the income from commodity export. Meanwhile, as a benchmark or indicator to measure a country financing health and economic strength is the stock market of the country. The purpose of this study is also to investigate whether there is any significant relationship between crude oil price and gold price with Malaysia stock price. Thus, this study will use the monthly data of two commodities that are crude oil price and gold price as independent variables. Stock price of one country that is Malaysia will act as the dependent variable. In this study, time series analysis will be adopted namely Granger Causality to test the significance of relationship between two commodities with stock price.

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