# THE RELATIONSHIP BETWEEN SENTIMENT PROXIES AND ECONOMIC FACTORS TOWARD DETERMINANT OF STOCK MARKET RETURNS IN ASIA PACIFIC COUNTRIES

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# ABSTRACT

It is still a mystery among investors whether human emotions and feelings could give significant effects in explaining the variations of the stock market returns other than the dominant economic factors. Thus, this study investigates the Trading Volume and Size Premium referred to sentiment proxies to measure the investor's sentiments. Meanwhile, the Inflation Rate and Interest Rate are the indicators for the economic factors. Data for the economic variables was collected from the World Bank whereas, the sentiment proxies data was collected from each countries of stock exchange market. The sample of data comprised of six different Asia-Pacific countries by using random sampling technique to avoid any biasness. Additionally, the chosen country also based on senses of study which referred to the availability of the data of each country. Data was collected based on a yearly basis from the period of 2010-2014 after the Global Financial Crisis (2008-2009) and analysed by using the panel data analysis (STATA). The findings showed that, only the size premium which represents the sentiment proxies has a significant relationship towards the stock market returns which indicate that, the major contribution for an investor to make a decision and coordinate their strategy in investment is by consider their emotions.