



**FACTORS THAT AFFECT THE FLUCTUATION
AGAINST OIL PRICE AND ITS IMPACT TOWARD
THE STOCK PRICE MARKET IN MALAYSIA**

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ABSTRACT

The world lives on oil. The price of oil is reflected in most of the things we do. It impacts on the price of transport, the cost of goods and services, and the availability of many products, including food, water and shelter. On other hand, the fluctuation of oil price market might affect to the investor's prospect toward stock market. Many investors were worrying about the rising of oil price because the oil price might be a factor that affect of stock price decrease.

As we noticed that the world's oil supply comes from a wide variety of sources. While the Middle East (home to the largest OPEC producers) was the largest producing region in 2004, with 29 percent of total world production, North America accounted for 19 percent, with the remaining 52 percent dispersed fairly evenly throughout the globe. OPEC member countries together accounted for about 40 percent of world total oil production in 2004, up from 38 percent in 2003. Of the 14 countries that produced more than 2 million bbl/d of total liquids in 2004, seven were OPEC members.

The remaining seven were not OPEC members, including: the United States (the world's third-largest total oil producer for the year); Russia; Mexico; China; Canada; and North Sea countries Norway and the United Kingdom.

This paper was study the factors that affect the fluctuation against oil price in Malaysia. Other than that this paper also was study about the effects of oil price shocks on the stock prices market in Malaysia. The intention to study was to know on how significant of oil price volatility will affect the stock prices market.