



THE IMPACT OF OIL PRICE TOWARDS MALAYSIAN STOCK
MARKET'S PERFORMANCE

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TABLE OF CONTENTS

	Page
TITLE PAGE	i
DECLARATION OF ORIGINAL WORK	ii.
LETTER OF TRANSMITTAL	iii.
ACKNOWLEDGEMENT	iv.
TABLE OF CONTENTS	v-vi.
LIST OF TABLES	vii.
LIST OF ABBREVIATIONS	viii.
ABSTRACT	ix.
CHAPTER 1 INTRODUCTION	
1.0 Background of Study	1-3
1.1 Problem Statement	3
1.1 Research Objectives	4
1.2.1 General Objective	4
1.2.2 Specific Objective	4
1.3 Research Question	4
1.4 Significant of the Study	5
1.5 The Scope of Study	6
1.6 Summary of Chapter	6
CHAPTER 2 LITERATURE REVIEW	
2.1 An Overview of Oil Price in Malaysia	7
2.2 Theory Used in This Study	8
2.2.1 Efficient Market Theory	8
2.2.2 Arbitrage Pricing Theory (APT)	
2.3 Factor Affecting Stock Market Performance	8-9
2.3.1 Stock Market	9-10
2.3.2 Oil Price	10-11
2.3.3 Exchange Rate	11
2.3.4 Interest Rate	11-12
2.4 Conceptual Framework	12
2.5 Summary of Chapter	12
CHAPTER 3 METHODOLOGY	13
3.0 Introduction	13
3.1 Research Design	13
3.2 Data Collection	13

3.2.1 Secondary Data	14
3.3 Sampling Design	14
3.3.1 Sampling Technique	15
3.3.2 Sampling Size	15
3.4 Estimation Procedure of Time Series Analysis	16-17
3.5 Multiple Regression Model	17-18
3.6 Hypothesis Development	18
3.7 Flow of Research	18-19
3.7.1 Data Processing	19-20
3.7.2 Time Series Data Analysis	20
3.7.3 Unit Root Test (Stationary Test)	20
3.7.4 Diagnostic Test	20
3.7.4.1 Multicollinearity Test	21-22
3.7.4.2 Serial Correlation Test	22
3.7.4.3 Heteroskedasticity Test	22
3.7.5 Ordinary Least Squared (OLS)	22
3.8 Summary of Chapter	
CHAPTER 4 FINDING AND ANALYSIS	
4.0 Introduction	23
4.1 Descriptive Statistics	23-24
4.2 Stationary Analysis	25-27
4.3 Diagnostic Test	28
4.3.1 Multicollinearity Test (VIF Test)	28
4.3.2 Serial Correlation Test (BGLM Test)	28-29
4.3.3 Heteroskedasticity Test	30-32
4.4 Regression Analysis	33
4.5 Summary of Chapter	
CHAPTER 5 CONCLUSION AND RECOMMENDATION	
5.0 Introduction	34
5.1 Conclusion	34-35
5.2 Recommendations	36
REFERENCE	37-38
APPENDICES	39-66

Abstract

This study intends to examine the effect of the oil price to the stock market performance of Malaysia from January 2005 to December 2015. The data consists of a monthly data set of 120 observations. Where this study use Ordinary Least Square (OLS) method in determine the relationship of the variables. Meanwhile, the diagnostic testing shows that there is no multicollinearity problem. However, there is existence of heteroskedasticity and serial correlation problem in multiple regression model. Apart from that, there is a consistent relationship of this study by using the theory of Efficient Market Theory and Arbitrage Pricing Theory.

Keywords: *Oil Price, Crude Oil, Stock Prices, Stock Market Return*