



**THE PRICE-VOLUME RELATIONSHIP IN MALAYSIA'S
COMMODITY FUTURES MARKETS**

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**Submitted in Partial Fulfillment
of the Requirement for the
Bachelor of Business Administration
(Hons) Finance**

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OCTOBER 2007

ACKNOWLEDGMENT

All praises to the Almighty Allah, the most merciful and the most benevolent for giving me strength, health and patience in order to complete this project paper. Without the grace and help of Allah S.W.T., it would be impossible for me to do and complete this project paper.

I would like to express my greatest appreciation to my most respected advisors, Puan Faridah Najuna Binti Misman and En. Muhamad Sukor Bin Jaafar, for their assistance in assisting the topic and the preliminary data gathering stages that help me further understand the selected topic.

Also thanks to a number of the sources the assistance provided at different stages of this research, the library staff of the Bursa Malaysia and MARA University of Technology Segamat Campus.

I would also like to thank to my beloved family for their supports, understanding and preserving with my preoccupation throughout the two years of hard work in BBA (Hons) Finance. Without their support, I would never make it this far.

Lastly, I would like to thanks to my entire classmate BBA Finance 06 and everybody who had directly or indirectly gives me support, encouragement, constructive criticism advises and helps me in completing this project paper. Your cooperation's are kindly appreciated.

Thank you.

Siti Zawiah Binti Zainal

October 2007

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ABSTRACT

This project paper study on the co integrated between return and trading volume in commodity futures market in Malaysia. This study use Crude Palm Oil Futures (FCPO) as a sample of the study. Correlation and Granger causality test are used to investigate contemporaneous and lead-lag relationships between trading volume and both signed and absolute return. Beside that, the study also using the data from FCPO volume and price that taken from Bursa Malaysia from year 1997 until 2006. The topics featured include the significant causality following from trading volume to return or from return to trading volume. The nearby future closing and settlement price are selected in this study. To look the causality of FCPO volume and price Augmented Dickey Fuller and Phillip Peron had been used. The results show a significantly positive causality following trading volume to return in FCPO. From the empirical study found that if the changes in volume cause the price, this may suggest that the speculative activity is relatively high in these commodity futures markets.