



THE IMPACT OF MACROECONOMIC VARIABLES ON  
STOCK MARKET PRICE IN MALAYSIA

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DUNGUN, TERENGGANU

JUNE 2016

## **ACKNOWLEDGEMENT**

In the name of Allah, the most Gracious and the Most Merciful Alhamdulillah, all praises to Allah. I'm grateful to the God for the good health and wellbeing that were necessary for the strengths and His blessing in completing this research.

I would like to take this opportunity to express gratitude to my advisor Puan Suhaily Maizan binti Abdul Manaf, for her supervision and constant support. I'm extremely thankful and indebted to her for sharing guidance to prepare a proper thesis and also given full effort in guiding me to finish my thesis. Besides that, sincere thanks for my second examiner Puan Haslenna binti Hamdan for her commitment in helping me to complete this thesis.

I would like also to wish thank to my friends and those who is directly and indirectly help me by giving a full support and some ideas to complete this report. Thank you very much.

## **ABSTRACT**

The key objective of the study is to investigate the relationship between stock market price and macroeconomic variables in Malaysia using annually data over the period from 2002 until 2014 for four macroeconomic variables such as interest rate, inflation rate, exchange rate and industry production. The methodology used in this study such as Descriptive statistics, Pearson Correlation, Pools Ordinary Least Square Model (POLLS), Random Effect Model (REM), Breush and Pagan Lagrangian Multiplier (LM) Test, Fixed Effect Model (FEM) and Hausman Fixed Test from a panel data model. In the finding, Random Effect Model (REM) has been chosen to describe the real result from the data. The results showed only the interest rate insignificant towards stock price, while the inflation rate, exchange rate and industry production significant with stock price in Malaysia.

**Key words:** interest rate, inflation rate, exchange rate, industry production, stock market price, Random Effect Model.

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