



WEATHER-EFFECT ON STOCK MARKET RETURNS IN MALAYSIA

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CONTENT

USE OF THESIS	ii
DECLARATION OF ORIGINAL WORK	iii
LETTER OF SUBMISSION	iv
ACKNOWLEDGEMENT	v
LIST OF TABLES	vi
LIST OF FIGURES	ix
LIST OF ABBREVIATIONS	x
ABSTRACT	xii

CHAPTER 1: INTRODUCTION

1.1	Background of the study	1
1.2	Problem Statement	4
1.3	Research Objectives	5
1.4	Scope and Limitation of the Study	6
	1.4.1 Scope of the study	
	1.4.2 Limitations of the Study	
1.5	Significance of the Study	7
	1.5.1 to the Researcher	
	1.5.2 to the Readers	
	1.5.3 to the Investors	
1.6	Stock Market	9
1.7	Factors that affecting Stock Market Prices	10
	1.7.1 Market forces	
	1.7.2 Economic growth	
	1.7.3 Interest rate and inflation	
	1.7.4 Emotion and mood of investors	
	1.7.5 Currency exchange rates	
	1.7.6 Economy and political stability	
1.8	Behavioural Finance	13
1.9	Weather-Effect as the Factors Influencing Human Moods	14
1.10	Chapter Outline	15

CHAPTER 2: LITERATURE REVIEW

2.1	Overview	
2.2	Theories Associated with This Study	16
2.2.1	Finance-Its Efficiency & Price Formation	
2.2.2	Psychology Mechanism & Decision-Making	
2.2.3	Weather & Mood	
2.2.4	Weather & Decision-Making	
2.3	Previous Related Studies	23
2.3.1	Stock Returns with Hours of Sunshine	
2.3.2	Stock Returns with Cloud Cover	
2.3.3	Stock Returns with Rainfall	
2.3.4	Stock Returns with Temperature Level	
2.4	Conceptual Framework	27
2.5	Literature Review Conclusion	28

CHAPTER 3: RESEARCH DATA & METHODOLOGY

3.1	Introduction	29
3.2	Data descriptions	30
3.2.1	Stock market returns (KLCI)	
3.2.2	Weather variables	
3.3	Research Design	33
3.4	Data Collection Method	33
3.4.1	Secondary Data / External Sources	
3.5	Unit of Analysis & Time Horizon	34
3.6	Research Sampling Method	34
3.6.1	Population	
3.6.2	Sampling Technique	
3.6.3	Sample Size	
3.7	FTSE BURSA MALAYSIA KLCI	36
3.8	Malaysian Meteorological Department (MMD)	38
3.9	Theoretical Framework	41
3.9.1	Dependent Variable	
3.9.2	Independent Variables	

ABSTRACT

This study aims to determine whether there are relationships between FTSE Bursa Malaysia KLCI fluctuations with the weather conditions in Malaysia. For the purpose of this study, the performance of KLCI is investigated based on the period starting from January 1, 2009 until December 31, 2009. This study was conducted using 4 important weather variables in Malaysia which is sunshine, cloud cover, rainfall and temperature level with the returns on KLCI on that particular year by using multiple linear regression models in determining the relationships between dependent and independent variables. The findings reveal that there is a significant relationship between extremely-high rainfalls with the stock returns compared to the other weather variables.

Keywords: *Stock Market Returns, Weather Factors, Regression Models*