STOCK MARKET CORRELATION AMONG ASEAN-5 COUNTRIES: THE IMPLICATON OF MALAYSIA TOWARDS INDONESIA, THAILAND, PHILIPPINE AND SINGAPORE STOCK MARKET

MUHAMMAD AFIQ ZULFADHLE BIN SULAIMAN
2014896362

BACHELOR OF BUSINESS ADMINISTRATION
(HONS) INVESTMENT MANAGEMENT
FACULTY OF BUSINESS MANAGEMENT
UNIVERSITI TEKNOLOGI MARA
SEGAMAT, JOHOR.

ACKNOWLEDGEMENT

Foremost, I wish to count my blessings and thanked Allah S.W.T for providing me with the mental and physical faculties as well as other positive attributes notably perseverance to complete this challenging research paper. Special mention goes to my research advisor Madam Norsaliza binti Abu Bakar for her guidance, supervision and support. Her constructive comments and suggestions greatly assist in the successful completion of this project paper. In addition, special thanks to all UiTM Segamat lecturers especially investment and finance faculty lecturers for all the advice and guidance to get the job done.

Last but not least, I would like to extend my appreciation to each and every one of you who have assisted in one way or another in order for me to complete this research paper. Sincere thanks to all my friends and office colleagues for their understanding, kindness and moral support during the testing time undertook to complete this assignment. Lastly, my deepest gratitude to my beloved parents for their unwavering support, invaluable assistance and sincere blessing.

Thank you.

ABSTRACT

This study is conducted to examine the relationship between Kuala Lumpur Composite Index (KLCI) and other ASEAN-5 stock market indexes which are Indonesia Stock Exchange (IDX), Stock Exchange of Thailand, the Philippine Stock Exchange (PSE) and Straits Times Index (STI). To test the relationship between these variables, multiple linear regressions, unit root test, correlation matrix, regression analysis and check on assumptions, were done. This research is conducted based on short-run coefficient instead of long-run coefficient (cointegration) due to several limitations. Past studies showed there is a significant correlation between these variables (Bakri Abdul Karim Z. A., 2012). The previous study shows that the markets in the ASEAN-5 countries integrated thus there is the existence of diversification towards different markets. It also encourages the arbitraging activities between different markets. This is study is aimed to full fill the gap from the previous study. In addition, there is a different time frame to study.

TABLE OF CONTENTS