



**THE IMPACT OF MACROECONOMICS FACTORS
ON THE PERFORMANCE OF STOCK MARKET
(FBMKLCI)**

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ABSTRACT

This research is to determine the relationship between stock market (FBMKLCI) and macroeconomics variables. The estimation result of this study is showed that money supply and interest rate have positive relationship with stock market. But, the consumer price index and gross domestic product were shown negative relationship with stock price. The objectives of this study to examine and investigates the relationship between two variables which are dependent variable and independent variables. This aim of this research is to examine the relationship between macroeconomic indicators such as Money supply (M2), Consumer Price Index (CPI), Interest rate (IR) and Gross Domestic Product (GDP) and stock market (FBMKLCI). From this study, there were four macroeconomics variables on stock price (FBMKLCI). These macroeconomics variables namely money supply, consumer price index, interest rate and gross domestic product. All these variables are called as independent variables. The dependent variables are stock market Kuala Lumpur Composite Index (FBMKLCI). This research is conduct to determine the relationship between stock market (FBMKLCI) and macroeconomics variables from 2003 until 2014 by using quarterly basis. This research use Multiple Regression to examine the relationship between stock market and macroeconomics variables. The data will be analyses by using time-series data. This study also use Eviews program as a tool to analyses all the data.

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CHAPTER 1

INTRODUCTION

1.0 Overview

This research is focus on the relationships which are Kuala Lumpur Composite Index (FBMKLCI) and macroeconomic variables. There are selected macroeconomics are chosen to estimate the performance of stock market such as Money Supply (M2), Consumer Price Index (CPI), Interest rate (IR) and Gross Domestic Product (GDP).

1.1 Background of study

Stock market is one of channel for the corporate sectors where can raise capital for their business and investment activities. Stock market of Malaysia had shown undergone changes in last two decades. In 1997, the stock price was drop during financial crisis happens. Stock market is actually very significant with economic growth. The stock return was become an issues in Malaysia's stock market in this new global economy.

This study is about to understand the interactions among macroeconomic variables and stock price of KLCI. The changes in economic variables such as