

**THE DETERMINANTS OF MACROECONOMIC VARIABLES THAT EFFECT SHARIAH  
STOCK RETURN: MALAYSIA PERSPECTIVE**

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## ABSTRACT

This study examines the macroeconomic variables that affecting the Shariah stock market in Malaysia. There are four variables that affecting the shariah stock return in Malaysia, namely Interest rate, Inflation rate, Exchange rate and Industrial production index. This study analyzed the relationship between the macroeconomic variable and shariah stock return using 9 years from the year 2007 until 2015. The Ordinary least square regression model had been used on time series data. The finding shows the  $R^2$  value of 0.8312, which mean 83.12% of variance shariah stock return (FTFBMS) can be explained by interest rate, inflation rate, exchange rate and industrial production index. The researcher found that relationship between interest rate and shariah stock return is positive but not significant. The findings indicate that inflation rate and industrial production index are significant positive effect on shariah stock return in Malaysia. The result of exchange rate shows the significant negative effect on shariah stock return in Malaysia.