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MACROECONOMIC VARIABLES TOWARD MALAYSIA STOCK MARKET

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DECLARATION OF ORIGINAL WORK

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- All verbatim extracts have been distinguished by quotation marks and sources of my information have been specifically acknowledged.

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ABSTRACT

This research examines the effect of selective variables on the Malaysian stock market performance from Q1 2008 to Q3 2017. From the 39 data observations, this research applied several empirical tests to determine the impact of selective variables on stock market performance.

Based on the result obtain, exchange rate,oil price and inflation are found to have significant relationship with KLCI except for interest rate is insignificant. Inflation and oil price has the positive relationship with Malaysian stock market performance, while exchange rate and interest has the negative relationship with Malaysian stock market performance. The most variable affecting the performance of KLCI is inflation rate.

The Normality Jarque-Bera (JB) Test showed that the error terms are not normally distributed and the model is insignificant at 10% significance level. Result from unit root test indicated that all variables are stationary at first difference.