



**THE DETERMINANTS ON STOCK PRICE VOLATILITY
IN MALAYSIA**

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Abstract

This paper studies the relationship between Kuala Lumpur Composite Index Stock Price with three economic determinants, namely interest rate, exchange rate and gold price from January 2014 to December 2016 on a monthly basis with a total of 36 observations. However, most of the studies are carried out in developed countries and large economic nations instead of in developing country such as Malaysia. Thus, this study aims to extend the existing studies to include the impact of several economics determinants namely interest rate, exchange rate and gold price on KLCI stock price. This paper employed Multiple Linear Regression to examine the statistical relationship and to test the hypotheses. The data was analyzed using Eviews. For diagnostic checking, there is existence of severe multicollinearity problem which is typically found in time-series data. Interest rates are found to have insignificant relationship with stock price. Although, the results indicated that there is negative relationship between interest rate; exchange rate and gold price with stock price due to the existence of severe multicollinearity problem, the findings cannot be relied.

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