



UNIVERSITI TEKNOLOGI MARA

**AN ANALYSIS OF FINANCIAL STOCK MARKET
ON ECONOMIC GROWTH IN ASEAN-5
COUNTRIES**

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ABSTRACT

The aim of this research is to identify the effect of financial stock market on economic growth. This research represents the economic growth as dependent variables and Stock Market Capitalization (SMC), Stock Turnover Ratio (STO) and Stock Traded Value (STV) as independent variables. This study uses the secondary data of five ASEAN countries, which consists of Indonesia, Singapore, Malaysia, Philippines, and Thailand from the period of 2011 to 2020. Therefore, panel data is used to analyze the data, which is then processed by E-Views version 12. Hence, methodologies such as descriptive analysis, normality test, correlation test, and regression analysis are employed to determine the significance and relationship. The overall result of this research shows that there is significance and relationship in all of the independent variables, which are, Stock Market Capitalization, Stock Turnover Ratio and Stock Traded Value towards the economic growth.

Keywords: GDP, Economic Growth, Economic Growth, Stock Market Capitalization, Stock Turnover Ratio, Stock Traded Value.

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TABLE OF CONTENTS

	Page
AUTHOR'S DECLARATION	iii
ABSTRACT	iv
ACKNOWLEDGEMENT	v
LIST OF TABLES	ix
LIST OF FIGURES	x
LIST OF ABBREVIATIONS	xi
CHAPTER ONE: INTRODUCTION	1
1.1 Introduction	1
1.2 Background of Study	2
1.3 Problem Statement	3
1.4 Research Questions	4
1.5 Research Objectives	4
1.6 Significance of the Study	4
1.6.1 Investors	5
1.6.2 Government / Policymakers	5
1.6.3 Researchers	5
1.7 Scope of the Study	5
1.8 Limitations of the Study	6
1.9 Definition of Key Terms	6
1.9.1 Financial Stock Market	6
1.9.2 Economic Growth	7
1.9.3 Stock Market Capitalization	7
1.9.4 Stock Turnover Ratio	7
1.9.5 Stock Traded Value	8
1.10 Summary	8
CHAPTER TWO: LITERATURE REVIEW	9
2.1 Introduction	9

CHAPTER ONE

INTRODUCTION

1.1 Introduction

Economic growth continues to be one of the most important and intriguing sub-areas of economics and it will continue to be so in the future. Its importance may be traced back to the questions it addresses. The intricacy of economic growth, as well as its close link with our social and ecological contexts, throws into question the commonly held view of development economics that the gross domestic product (GDP) is the most important indicator. A country's gross domestic product (GDP) per capita is simply the average per person output of an assortment of commodities and services generated in the officially structured sectors of the economy. In debates of economic development and the creation of development policy, the frequent habit of believing that increases in GDP per capita translate directly into increases in the welfare of humankind has a distorting effect.

In finance, financial markets refer to any marketplace where the trading of assets takes place, such as the stock market, bond market, currency market, and derivatives market, to name a few examples. The smooth running of capitalist economies is dependent on the efficient operation of financial markets. Typically, the stock market's performance and the economy's performance are coordinated. Therefore, when the stock market is operating well, it is typically a reflection of the health of the economy. Economic development may be quantified in a variety of ways, but one of the most common is by tracking changes in gross domestic product (GDP).