

**THE RELATIONSHIP BETWEEN SELECTED ECONOMIC INDICATORS AND
THE MALAYSIAN STOCK INDEX FUTURES**

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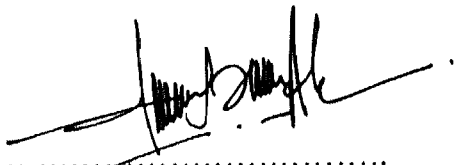
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PENGAKUAN

Saya mengaku bahawa kerja ini adalah kerja saya sendiri kecuali nukilan-nukilan dan ringkasan-ringkasan yang tiap-tiap satunya saya jelaskan sumbernya.

DECLARATION

I hereby declare that the work in this research is on my own except for quotations and summaries that have been acknowledged.



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Universiti Malaya
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ABSTRACT

This research examines the relationship between selected economics indicators and Malaysian Stock Index Futures. It also focusses on the relevancy of the Efficient Market Hypothesis (EMH) in a developing derivatives market in South East Asia, namely the Malaysian Stock Index Futures market. The relationship analysis between selected economic indicators and Malaysian Stock Index Futures may give better understanding the degree our derivatives market grasp economics factors in determining market change and movements. In an efficient market, the relevant signal to be used in trading is the futures price. The relative forecasting power of futures price is applied with the various proven forecast techniques and methods like econometric, moving averages and simple exponential smoothing. Using the trading rules and assumptions; the testing of the weak-form market efficiency is calculated and finally it is safely concluded that the Malaysian Stock Index Futures is in its weak form efficiency level.

GLOSSARY

ARIMA	Autoregressive Integrated and Moving Average
BNM	Bank Negara Malaysia
COMMEX	Commodity Exchange of Malaysia
CPO	Crude Palm Oil
EMH	Efficiency Market Hypothesis
FIA	Futures Industry Act
GIVE	General Instrument Variables Estimator
IMF	International Monetary Fund
IPI	Industrial Production Index
KATS	Kuala Lumpur Options and Financial Futures Automated Trading System
KLCE	Kuala Lumpur Commodity Exchange
KLFM	Kuala Lumpur Futures Market
KLIBOR	Kuala Lumpur Interbank Offer Rate
KLOFFE	Kuala Lumpur Options and Financial Futures Exchange
KLSE	Kuala Lumpur Stock Exchange
KLSE CI	Kuala Lumpur Stock Exchange Composite Index
MDCH	Malaysia Derivatives Clearing House
MDEX	Malaysia Derivatives Exchange
MME	Malaysia Monetary Exchange
M1	Monetary Aggregates 1
OLS	Ordinary Least Squares
SIF	Stock Index Futures
SC	Securities Commission

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