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

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PENGAKUAN

Saya mengaku bahawa karja 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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Irwan Iskandar bin Abraham
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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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