

Examining The Relationship Between Inflation Rate And Stock Price In Malaysia

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ABSTRACT

This paper looks into the relationship between inflation rate and stock price using market data from the Malaysia Stock Exchange. The relationship between inflation and stock exchange has been examined in many countries but has not been examined in Malaysia.

In this study, using the model for regression analysis which is the most widely used model for testing the relationship between two variable we intend to find the relationship between inflation and stock price. Also, this research proposes the use of a linear forecasting model to predict stock price using inflation rate.

The result of this research shows that there are significant positive linear relationship between inflation and stock price in Malaysia. However, the forecasting model proposed in this research has been identified as a not suitable model to be used for forecasting stock price using inflation rate.