

The Effect Of Exchange Rate On Stock Price: Evidence From Malaysia Stock Exchange

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ABSTRACT

This paper looks into the relationship between exchange rate and stock price in Malaysia. Since the Malaysian Exchange rate policy has been changed from a fixed peg to managed float, this paper serves to examine the exchange rate movements and the stock price from the effective date of the managed float to the most recent available data.

In this study, we had use the linear regression model to determine the correlation between exchange rate and stock price and the extent of the influence has been examined using coefficient of determination.

From the study the relationship between exchange rate and stock price has been established as negative linear relationship. It has been concluded that the effects of exchange rate on stock price is minimal due to government intervention to control the fluctuations in the exchange rate.