
The Dynamic Impact of Crude Oil Price and Real Estate Growth on Stock Market Performance

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Acknowledgement

The authors would like to thank Universiti Malaysia Sarawak (UNIMAS) for the special MyRA Funding with Project ID: F01/SpMYRA/1675/2018.

Abstract:

This paper examines the effect of crude oil price and real estate growth on Malaysian stock market performance by examining the monthly data from 1999-2016 using both linear and non-linear tests. These tests examine the long-run and short-run relationship among variables. Granger causality test is used to measure the short-run adjustments towards the long-run relationship among the variables. The results of Granger causality test indicates that a bidirectional relationship exists between stock market performance, crude oil price, real estate. In other words, there is a dynamic relationship among the stock market performance, crude oil and real estate.

Keywords: Crude oil price, real estate, stock market, Malaysia

1.Introduction

The stock market performance received considerable attention recently in relation to crude oil price volatility and real estate growth. As stock market is the key to a structural revolution in any economy from a traditional, rigid, insecure bank-based to a more flexible,