ABSTRACT

Financial time series is known to exhibit diverse of stylised facts as documented in financial literature on the presence of these stylised facts especially in stock market indices. This paper studies on the time series of stock market indices of Bursa Malaysia. We attempt to characterise the stylised facts in three indices of Bursa Malaysia Index Series namely the FTSE Bursa Malaysia Composite Index (FBM KLCI), the Finance Index and the Industrial Index from July 1990 until July 2010. We observe that these three indices are characterised by the presence of the stylised facts such as lack of normality, skewness and excess kurtosis. We identify why the returns distribution has heavier tails and more peaks than normal distribution. We also explain how these properties influence the traditional financial models where these statistical properties invalidate many of the common statistical approaches used to study financial time series. Lastly, we propose solution on how to overcome this drawback for modelling purpose.

Keywords: Stylised facts; Bursa Malaysia stock market indices; non-normality

Rujukan


Bukti empirik ketidaknormalan bagi indeks bulanan pasaran saham Bursa Malaysia


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