

**PRE- AND POST-ECONOMIC CRISIS WEAK-FORM MARKET
EFFICIENCY ANALYSIS FOR MALAYSIAN
DAILY STOCK INDICES**

(Analisis Kecekapan Pasaran Terhadap Indeks Harian Bursa Malaysia:
Sebelum dan Selepas Krisis Ekonomi)

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ABSTRACT

In this paper, we examine the weak-form market efficiency for Malaysian sectoral stock market for the years 1996 to 2006. We focus on the random walk test under the structural change triggered by the Asian financial crisis and the drastic currency control by the Malaysian government. Our empirical results evidence a sharp contrast with the results based on the traditional unit-root test which does not take into account the effect of economic crisis. With these empirical findings, we conclude that the Malaysian stock markets are dominated by mean-reverting processes (except for Property index) under the structural change.

Keywords: structural change; market efficiency; stock market; unit root test; random walk

ABSTRAK

Dalam makalah ini dikaji keefisienan pasaran bentuk lemah bagi pasaran saham sektor Malaysia bagi tahun 1996 hingga 2006. Analisis ini difokus pada ujian perjalanan rawak di bawah perubahan struktur yang diakibatkan oleh krisis kewangan Asian dan penukaran polisi pertukaran matawang Malaysia. Keputusan empirikal menunjukkan perubahan drastik dalam ujian *unit-root* yang tidak mengambilkira kes krisis ekonomi. Dengan sokongan analisis, kita menyimpulkan bahawa pasaran saham Malaysia didominasi oleh proses *mean-reverting* (kecuali bagi indeks harta) di bawah perubahan struktur.

Kata kunci: perubahan struktur; keefisienan pasaran; pasaran saham; ujian *unit root*; perjalanan rawak

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