

**FORECASTING BY REGRESSION ANALYSIS: A CASE STUDY OF
LOCAL STOCK EXCHANGE MARKET BASED
ON FOREIGN MARKETS.**

**MUHAMAD SAFIHH LOLA, NORIZAN MUHAMMED
AND TEOH KAH SENG**

*Mathematics Department, Faculty of Science and Tecknologi,
College of Science and Technology Malaysia (KUSTEM), 21030 Kuala Terengganu, Terangganu, Malaysia.*

Abstrak. Regression analysis is one of the most widely used techniques for analyzing multifactor data. The application of regression analysis in stock market is a statistical technique used to forecast and to analyze the factors that influence the stock market. By using the “multiple linear regression”, studies have been done in obtaining the best regression model to do forecasting. The common types of “multiple linear regression” to be studied here would be estimation of the model parameters, hypothesis testing and confidence intervals. The foreign stock markets for this research are Hang Seng, All Ordinaries, Nikkei 225, Dow Jones and FTSE 100. The data are collected from 1 January to 31 December 2002. As a result, the closing value for KLSE is related to at least one regressor and the closing values for Nikkei 225 and Dow Jones have strong influence on the closing value for KLSE.