

## **Impact of the news of Economic Transformation Programme on various sectors in Malaysia stock market**

### **ABSTRACT**

The Economic Transformation Programme (ETP) is a comprehensive effort that will transform Malaysia into a high-income nation by 2020. This study investigates the impact of (ETP) on Malaysian capital market. The data that used in this study consists of daily returns in Kuala Lumpur Composite Index and various sector indexes. Event study method is used to analyze the effect during the announcement of various announcements of transformation news. The market model is used to analyze the effect of these ETP events. The results expected to show that the shocks provided by (ETP) are likely diversified away at the market level for Malaysian market, but the effect of these extreme (ETP) events is varying across these different market sectors in this market. This study suggests that the impacts of (ETP) on Malaysia indexes will be significant.

**Keyword:** Economic Transformation Programme (ETP); Event study; Announcement effect; Information; Abnormal returns; Market model