

THE IMPACT OF 14TH MALAYSIAN GENERAL ELECTION ON BURSA MALAYSIA BY USING A COMPLEX NETWORK APPROACH.

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BACKGROUND

1

PROBLEM

The correlation between stocks are **not easy to visualize** as a whole **if the number of stocks involved is huge** and it will lead to becoming a complex system.

RESEARCH QUESTIONS

- How to construct a financial network to display the correlation between the stocks?
- What is the impact of general election towards the shariah securities listed on Bursa Malaysia?

2

3

OBJECTIVE 1

to **construct a financial network** of shariah-compliant stock listed on Bursa Malaysia for duration six months before and after the 14th Malaysia General Election by using **minimal spanning tree**.

4

OBJECTIVE 2

to **examine the impact** of 14th Malaysia General Election towards shariah-compliance stock listed Bursa Malaysia by using **centrality measures**.

DATA

14th Malaysian General Elections-
9th May 2018

6 months before 14th General Elections-
9th November 2017- 8th May 2018

6 months after 14th General Elections-
10th May 2018- 9th November 2018

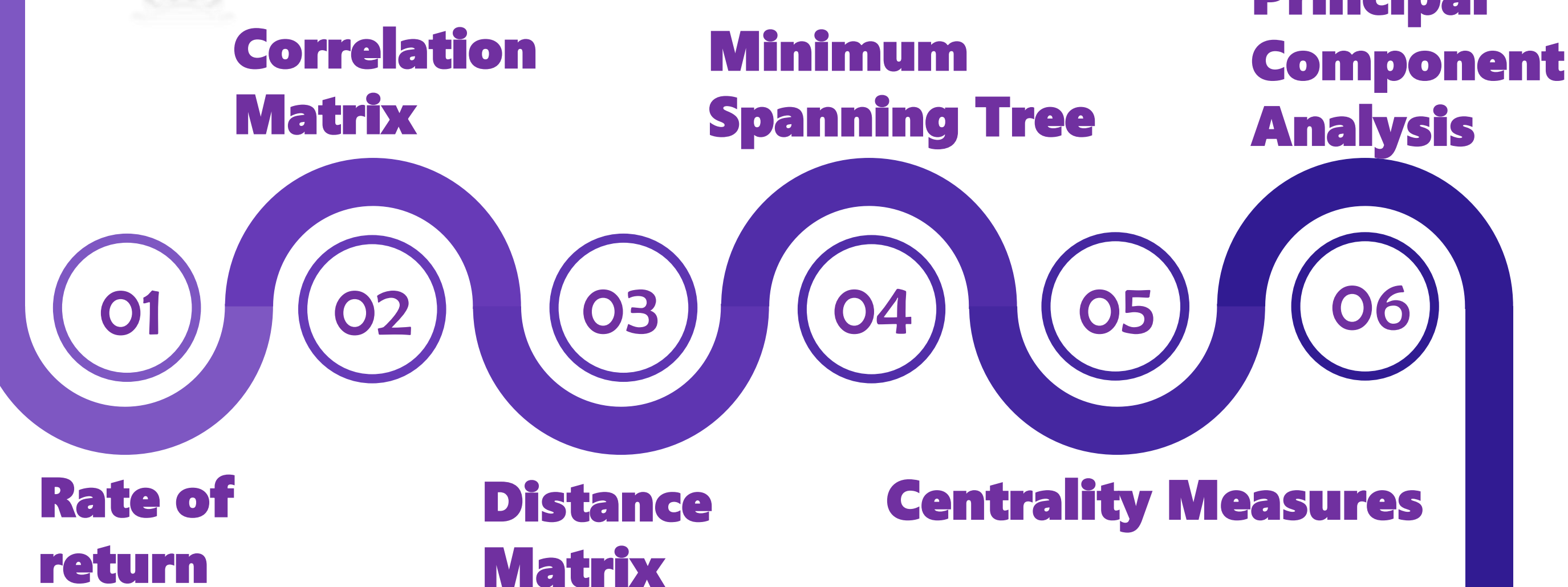
Companies

121 Bursa Malaysia companies that consistently listed in Syariah Advisory Council's list from the year of 2008-2018

Source

Eikon Datastream

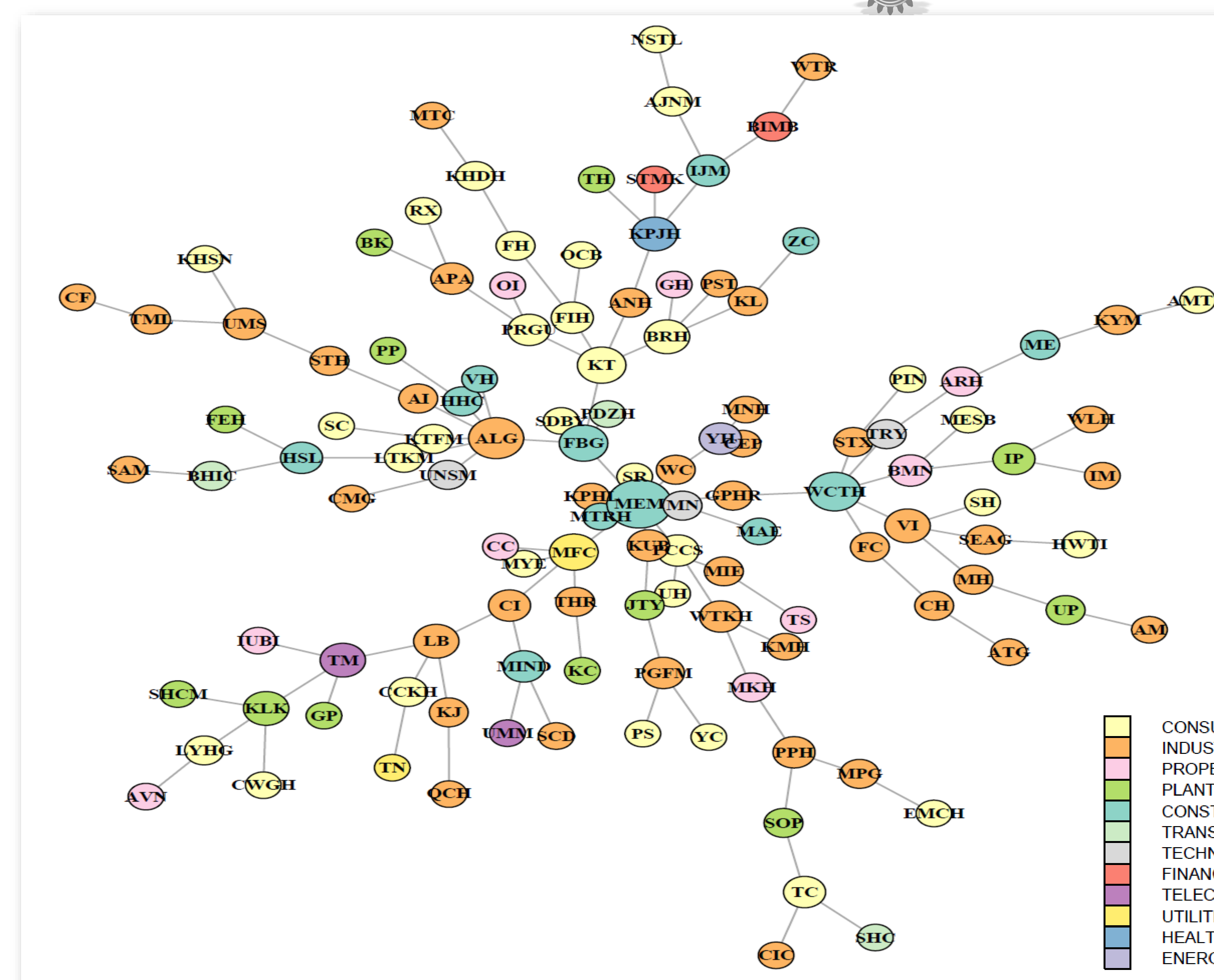
METHODOLOGY



CONCLUSIONS

- The results indicate a structural changes in the stock market network due to general elections.
- Consequently, through this analysis, policy makers can focus on monitoring key nodes stocks around general elections to estimate stock market stability, while local and international investors can form optimal diversification strategies.

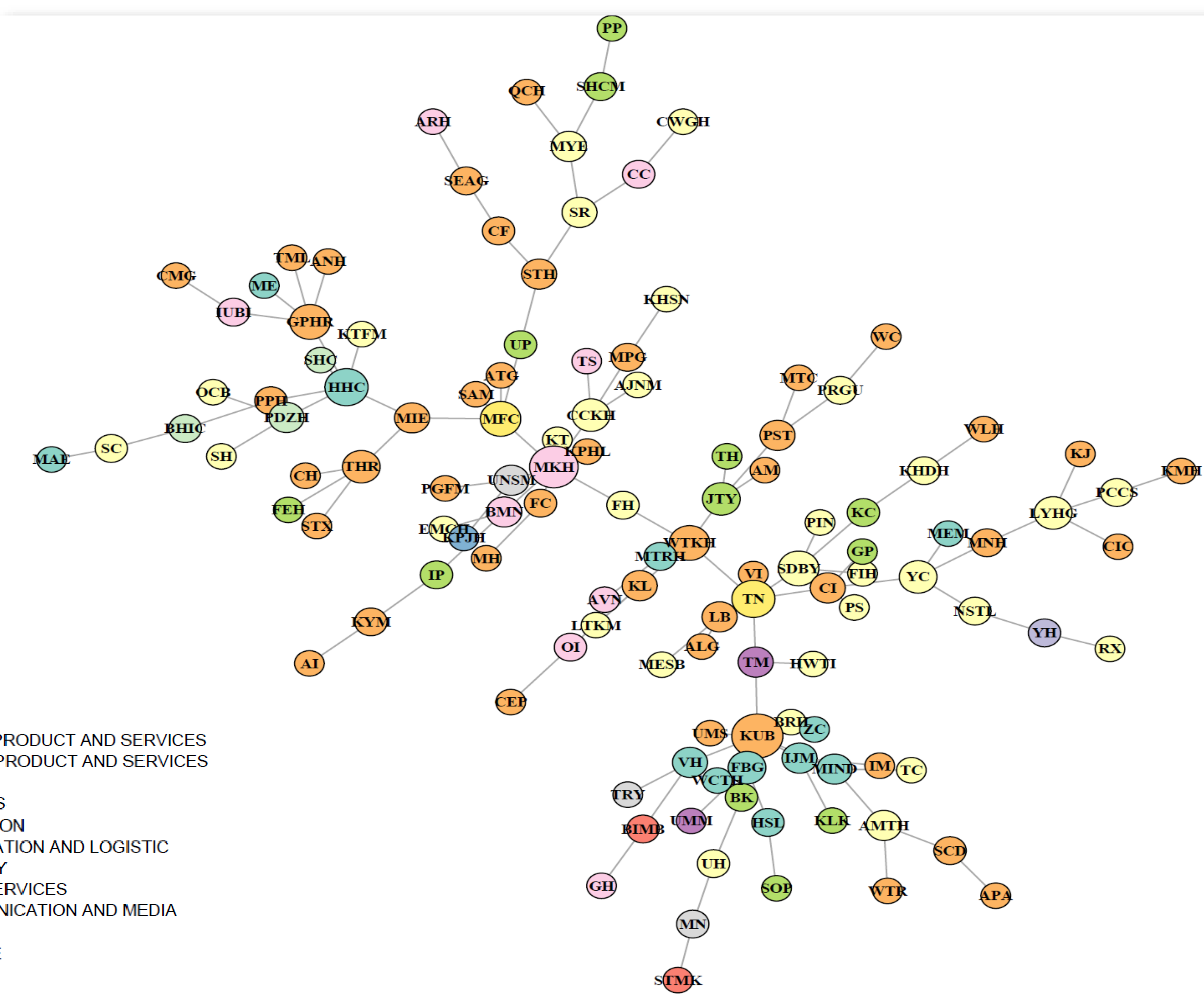
RESULTS



Financial network BEFORE 14th General Elections

The most important company based on the centrality measures:

- MEM- Muhibbah Engineering
- FBG-Fajarbaru Builder Group
- KT-Konsortium Transnasional



Financial network AFTER 14th General Elections

The most important company based on the centrality measures:

- MKH- MK Land Holdings
- TN-Tenaga Nasional
- WTKH-WTK Holdings