

ABSTRACT

This research was conducted with the aim of examining the role of Gross Domestic Product (GDP) growth in moderating the effect of Foreign Direct Investment (FDI) on stock market growth. GDP growth is proxied by GDP growth rate. FDI is proxied by FDI as percentage of GDP. Stock market growth is proxied by market capitalization as a percentage of GDP. In addition, this study also uses domestic savings as a control variable.

Data used in this study is secondary data from 2004-2019. The research was conducted in Indonesia, Malaysia, Thailand, Philippines and Singapore. The analytical method used is multiple linear regression with the Moderated Regression Analysis (MRA) method using the Eviews9 econometric analysis tool.

The results of the study indicate that FDI has a significant positive effect on stock market growth and GDP can moderate the effect of FDI on stock market growth. Furthermore, the domestic savings control variable has a significant positive effect on stock market growth.

Keywords: FDI, stock market growth, GDP growth, domestic savings