

The present research tries to examine the impact of macroeconomic indicators and their fluctuation on the Asian emerging stock prices. Over the last three decades these variables affect the stock prices of emerging stock markets. The Asian emerging stock markets are most attractive, active and fast growing stock markets in all over the world and these stock markets played an important role for the economic growth of Asian countries. The Asian emerging stock markets consists of eight Southeast Asian countries named as Shanghai stock exchange (China), Bombay stock exchange (India), Bursa Malaysia stock exchange (Malaysia), Korea stock exchange (Korea), Taiwan stock exchange (Taiwan), Jakarta stock exchange (Indonesia), Philippines stock exchange (Philippines) and stock exchange of Thailand (Thailand).

To examine the macroeconomic impact this study used six macroeconomic variables i.e. inflation rate, interest rate, exchange rate, crude oil prices, money supply 2 and foreign exchange reserves and for analysis used twenty three semiannually panel time series data for the periods of 1992 to 2014. In this study various statistical techniques applied for analysis like descriptive statistics, Hausman test, fixed effects model and ARCH-GARCH technique. Basically descriptive statistics performed for temporal properties of data and results showed that the data are not normally distributed. While the findings of fixed effect models showed that all the six macroeconomic variables have significantly positive impact but interest rate and exchange rate these two have negative impact on the eight Asian emerging stock prices.

The last findings of ARCH-GARCH test indicate that the exchange rate and interest rate negatively affect the stock prices of most of the stock markets. The foreign exchange reserves have greater impact but positively affects the stock prices of most of the countries stock market. While the implication is that the local and foreign investors should to thoughtfully judge the macroeconomic forces to make rational investment decisions. The government and the policy maker should keep in mind the effect of these macroeconomic variables during a monetary policy construction process. It is also useful for investors to determine either by these six macroeconomic variables the risk is diversified in these eight Asian emerging stock markets..