



اَوْنِوَرْسِيْتِي تِيكْنُوْلُوْجِي مَآرَا
UNIVERSITI
TEKNOLOGI
MARA

THE RELATIONSHIP BETWEEN MACROECONOMIC VARIABLES AND INFLATION IN MALAYSIA

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DECEMBER 2014

DECLARATION OF ORIGINAL WORK



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SEGAMAT, JOHOR

“DECLARATION OF ORIGINAL WORK”

I, Norhazatul Ain Binti Mohd Yusof, (I/C Number: 911020 – 01 – 6630)

I am here by, declare that,

- This work has not previously been accepted in substance for any degree, locally or overseas and is not being concurrently submitted for this degree or any other degrees.
- This project paper is the result of our independent work and investigation, except where otherwise stated.
- All verbatim extracts have been distinguished by quotation marks and sources of our information have been specifically acknowledged.

Signature: _____

Date: _____

THE RELATIONSHIP BETWEEN MACROECONOMIC VARIABLES AND INFLATION IN MALAYSIA

**NORHAZATUL AIN BINTI MOHD YUSOF
2012615862**

**Submitted in Partial Fulfilment
of the Requirement for the
Bachelor of Business Administration
(Hons) Finance**

**FACULTY OF BUSINESS MANAGEMENT
UNIVERSITI TEKNOLOGI MARA
SEGAMAT, JOHOR.**

DECEMBER 2014

LETTER OF SUBMISSION

7th December 2014

Faculty of Business Management

Universiti Teknologi MARA

85009 SEGAMAT,

JOHOR

Dear Sir,

SUBMISSION OF PROJECT PAPER

Attached is the project paper titled “**The Relationship between Macroeconomic Variables and Inflation in Malaysia**” to fulfill the requirement as needed by the Faculty of Business Management, Universiti Teknologi MARA.

Thank you.

Yours sincerely

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Bachelor of Business Administration (Hons) Finance

ABSTRACT

This paper aims at finding out the relationship between macroeconomic variables and inflation in Malaysia. The variables considered are inflation rate, money supply, gross domestic product, gross national expenditure, import of goods and service and interest rate. The sample of this study comprises each of the dependent and independent variables on yearly basis from 1984 to 2013. Methodology used for this study is by using Multiple Linear Regression with the time series data sourced from World Bank and The Global Economy. Thereafter, econometric tests are to be conducted to observe the relationship of macroeconomic variables to the inflation in Malaysia. Interactive software package E-view would be used for testing and analyzing the data collected. The study is an attempt to investigate the relationship of chosen macroeconomic variables towards inflation in Malaysia. Findings from previous research papers mostly on developed market indicate that macroeconomic variables do play significant role in the determination of inflation. The result of this research paper would provide us with an indicative view and could form an important basic for policy makers to promote economic growth.