IMPACT OF MACROECONOMIC FACTORS TOWARDS MALAYSIAN EXCHANGE RATE

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IMPACT OF MACROECONOMIC FACTORS TOWARDS MALAYSIAN EXCHANGE RATE

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

FACULTY OF BUSINESS MANAGEMENT
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DECEMBER 2016
DECLARATION OF ORIGINAL WORK

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Hereby, 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 my independent work and investigation, except where otherwise stated.

✓ All verbatim extracts have been distinguished by quotation marks and sources of my information have been specifically acknowledged.

Signature: _______________ Date: _______________
LETTER OF SUBMISSION

31\textsuperscript{TH} December 2016

Miss Nor Haliza Binti Hamzah
Faculty of Business Management
Universiti Teknologi MARA
85009 SEGAMAT
JOHOR DARUL TAKZIM

Dear Miss,

SUBMISSION OF PROJECT PAPER

Attached is the project paper titled \textbf{"IMPACT OF MACROECONOMIC FACTORS TOWARDS MALAYSIAN EXCHANGE RATE"} to fulfill the requirement as needed by the Faculty of Business Management, Universiti Teknologi MARA.

Thank you.

Yours sincerely,

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\vspace{1cm}

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ABSTRACT

This project paper is carried out to providing better understanding for the readers regarding the correlation of macroeconomic factors and exchange rate in Malaysia. The United States is taken as the base country.

The variable that be involved under this research is the dependent variable is the exchange rate and the independent variable which are gross domestic product (GDP), money supply, inflation rate and interest rate of Malaysia. The study period for this study is from 1984 until 2015 and the data were collected yearly for 32 years. This research is conducted by using time series data.

The method used for this research is Unit root test to see whether the data is stationary or vice versa. There are also Regression Analysis, Correlation Analysis and Descriptive Analysis. Furthermore, the are other test involved which are Normality test, Autocorrelation Test, Heteroscedasticity Test, Multicollinearity Test and RAMSEY Reset Test. The test will be done between dependent and independent variable.