



**“THE IMPACT OF OIL PRICE ON MALAYSIA’S GROSS
DOMESTIC PRODUCT (GDP)”**

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**“THE IMPACT OF OIL PRICE ON MALAYSIA’S GROSS DOMESTIC PRODUCT
(GDP)”**

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**Submitted In Partial Fulfillment of the Requirement For
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Finance**

**FACULTY OF BUSINESS MANAGEMENT
UNIVERSITI TEKNOLOGI MARA
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“DECLARATION OF ORIGINAL WORK”

I, SAIFUL AZLAN BIN ABU HASSAN, (I/C Number: 870108-56-5169)

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 mark and sources of my information have been specifically acknowledged

Signature: _____ Date: _____

LETTER OF SUBMISSION

5th MAY 2011

The Head of Program
Bachelor of Business Administration (Hons) Finance
Faculty of Business Management
Universiti Teknologi MARA
Kampus Bandaraya Melaka

Dear Madam,

SUBMISSION OF PROJECT PAPER

Attached is the project paper titled "The Impact of Oil Price on Malaysia's Gross Domestic Product (GDP)" to fulfill the requirement as needed by the Faculty of Business Management, Universiti Teknologi MARA (UiTM).

Thank you

Yours sincerely

SAIFUL AZLAN BIN ABU HASSAN
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CHAPTER 1

1.0 Introduction

The year 2008 has brought to Asia not only the Beijing Olympics games that is one of the big event but also a hosts of economic calamities ranging from the spillover effects from the subprime crisis, the food crisis, and more importantly the unprecedented surge in international oil prices. History has shown us from the oil crisis in the 1970s that high oil prices severely affect economies in both the developed and developing countries.

The end of the cold war, globalization, the rise of China and the rampant spread of information technology set the stage for a long spell of economic growth, high productivity, low inflation, and booming economy for not just the United States but for most of the rest of the world (Daniel Gross, 2007). The acceleration of the flow of workers across borders to the most competitive markets during the past decade has been a potent disinflationary force that not only held down wage growth but inflation in virtually every country. Yet this period of unprecedented worldwide economic growth coupled with low inflation may be at its end as the subprime and financial crisis has all but crippled the economy of the United States while commodity prices of both food and fuel has reached previously unforeseeable heights.