

UNIVERSITI TEKNOLOGI MARA

FACTORS AFFECTING THE CRUDE PALM OIL PRICES IN MALAYSIA

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ABSTRACT

Palm oil industry plays a big role in order to boost economic growth in Malaysia. Recent years, the crude palm oil price in Malaysia shows drastically dropped over time, this is noticed by Malaysia's palm oil industry facing downturn phase. This research analyzed the distinct type of factors affecting the crude palm oil prices in Malaysia. This research were used multiple linear regression as the main tool using monthly data from January 2009 until December 2018. It was found that all variables used such as soybean oil price, CPO production volume, export duties, and exchange rate were significant for this research. The soybean oil price, the export duties, and the exchange rate have positive influenced to the CPO price in Malaysia. Meanwhile, the increases in CPO production volume may lead to decrease the Malaysia CPO price and vice versa. Auto-correlation problem existed from the result obtained. The outcome demonstrated that the price of soybean oil has a major impact on the price of CPO in Malaysia.

Keyword: Malaysia's CPO Price, Soybean Oil Price, CPO Production Volume, Export Duties, Exchange Rate