DISTINCT FACTORS THAT AFFECT THE PRICE OF CRUDE PALM OIL IN MALAYSIA

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ABSTRACT

Palm oil industry has played important role in Malaysia to be cultivate in the economy. However, recent years have noticed that Malaysia's palm oil industry is facing a downturn phase where the price of crude palm oil kept decreasing overtime. This research analyses the distinct factors that affect the price of crude palm oil in Malaysia. The main tool used in this analysis was multiple linear regression with monthly data from October 2008 until May 2018. It was found that from the variables used, the significant variables for this study was CPO production volume, soybean oil price and Indonesia CPO price. CPO export volume and exchange rate was found to be insignificant for this research. CPO production volume increase could decrease Malaysia CPO price and vice versa. Both soybean oil price and Indonesia CPO price has influence Malaysia CPO price positively. From the result obtained, it was found that autocorrelation problem exists in this study and the most significant variable that could affect any changes towards Malaysia CPO price was other country CPO price such as Indonesia.