THE MACROECONOMIC DETERMINANTS OF EXCHANGE RATE VOLATILITY IN MALAYSIA

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

FACULTY OF BUSINESS MANAGEMENT
UNIVERSITY TECHNOLOGY MARA
JOHOR

June 2015

DECLARATION OF ORIGINAL WORK

BACHELOR OF BUSINESS ADMINISTRATION
(HONS) FINANCE
FACULTY OF BUSINESS MANAGEMENT
UNIVERSITI TEKNOLOGI MARA
JOHOR
"DECLARATION OF ORIGINAL WORK"

I, **Mohd Zulkamal bin Mohd For**, (I/C Number:**870915-56-5421**)

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: _______________

(Mohd Zulkamal bin Mohd For)

LETTER OF SUBMISSION

June 2014

En. Mohd Syamsyul bin Samsudin

Department of Finance

Scholl of Business and Management

UiTM Johor, Segamat, Johor

Box 527, 85000 Segamat

Johor, Malaysia

Dear Sir,

SUBMISSION OF PROJECT PAPER

Attached is the project paper titled "**The Macroeconomic Determinants of Exchange Rate Volatility in Malaysia**" to fulfill the requirement as needed by the Faculty of Business Management, Universiti Teknologi MARA.

Thank you.

Yours sincerely

………………………….

Mohd Zulkamal bin Mohd For

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Bachelor of Business Administration (Hons) Finance

LETTER OF SUBMISSION

June 2015

Madam Norsaliza binti Abu Bakar

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Johor, Malaysia

Dear Miss,

SUBMISSION OF PROJECT PAPER

Attached is the project paper titled "**The Macroeconomic Determinants of Exchange rate Volatility in Malaysia**" to fulfill the requirement as needed by the Faculty of Business Management, Universiti Teknologi MARA.

Thank you.

Yours sincerely

………………………….

Mohd Zulkamal bin Mohd For

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Bachelor of Business Administration (Hons) Finance

ABSTRACT

This study is done to investigate and analyze the macroeconomic determinants of exchange rate volatility in Malaysia. The financial data used in this study is to determine what macroeconomic factors affect the exchange rates going in an upward or downward direction (volatile). The variables considered in this study are national income, inflation, government debt, interest rate and money supply. The sample of this study comprises of 56 quarters of both the dependant and independent variables on a yearly basis over a 14-year period from 2001-2014. The data can be obtained from Data Stream, EUI Database and World Data Bank. Interactive software package, E-views, will be used for regression analyzing the data that have been collected. The variables are basically from previous research papers that are related to the determinants of foreign exchange. The results of this research would determine which financial data variables have a significant effect towards exchange rate volatility in Malaysia.