



FACTORS AFFECTING INFLATION IN MALAYSIA

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BACHELOR OF BUSINESS ADMINISTRATION

WITH HONOURS (FINANCE)

FACULTY OF BUSINESS MANAGEMENT

UNIVERSITI TEKNOLOGI MARA

MALACCA CITY CAMPUS

JANUARY 2019

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Submitted in Partial Fulfillment of the

Requirement for the

Bachelor of Business Administration with Honours (Finance)

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DECLARATION OF ORIGINAL WORK



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“DECLARATION OF ORIGINAL WORK”

I, Zarifah Binti Abd Malik (950304-10-5434)

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

JANUARY 2019

Madam Shahreena Binti Daud

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Dear Madam,

SUBMISSION OF FINAL PROJECT PAPER

Attached is the project paper title “**FACTORS AFFECTING INFLATION IN MALAYSIA**” to fulfill the requirement needed by the Faculty of Business Management, Universiti Teknologi MARA.

Thank You.

Yours Sincerely,

ZARIFAH BINTI ABD MALIK

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ABSTRACT

The objective of this study is to conduct the relationship between Inflation Rate with macroeconomic variables or indicator as an independent variable that would be affecting to the dependent variables. The selected macroeconomic variables or the independent variables used are money supply, exchange rate, interest rate, gross domestic product and unemployment rate for period from 2004 to 2016 quarterly, which the total number of observation is 52, while the dependent variables is inflation rate. The relationship is examined by undertaking regression analysis using time series data that collected from World Bank Database. Both Single Linear Regression and Multiple Linear Regression are used to identify the relationship between dependent and independent variables. From the result, the study shows that money supply, exchange rate and gross domestic product has negative significant relationship toward inflation. Interest rate has positive significant relationship meanwhile; unemployment has negative insignificant relationship toward inflation. This indicates that interest rate give impacts towards inflation while money supply, exchange rate, gross domestic product and unemployment rate does not give impact to inflation rate in Malaysia. The relationship discovered should be useful for public, industries and policy makers as well.