

**Inflation, Population and Economic growth :  
Co – Integration and Causality Analysis  
of Malaysia.**

**SUBMITTED IN PARTIAL FULFILLMENT  
OF THE REQUIREMENTS OF  
BBA (HONS) BUSINESS ECONOMICS**

**FACULTY OF BUSINESS MANAGEMENT  
UITM, KOTA KINABALU, SABAH**

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**MARCH 2012**

## PREFACE

The co-integration and causality analysis between selected macroeconomic variables which are inflation, population and economic growth in Malaysia used a econometrics method in order to achieve the objectives of this studies. The stationary properties of the time series data are examined by using Augmented Dickey-Fuller (ADF) and Phillips- Perron (PP). To find out long-run relationship along the variables, this paper using the Econometrics Technique, Johansen Maximum Likelihood Co-integration. Granger Causality tests is applied in this paper to find out the causality among the three variables. This studies can be use as a reference for future researchers that is interested to studies in this scope of research.

Every single chapter will concisely explain the different scope of studies. Chapter 1 is for introduction of studies that comprising all the background of study, problem statement, objectives of the study, significant of the problem, and scope and limitations of the study. Chapter 2 was clarifying about all the previous study from the empirical researches that have been conducted by the academician all over the place that have similar papers. Meanwhile in Chapter 3 will give details about all the data that being used in this study with the appropriate method. In Chapter 4, we conclude for the results and findings that the findings we get answering the objective of the study earlier. Last but not least in Chapter 5, an overall conclusion for summarizing the whole studies and some recommendation will be given based on the results and findings.

## ABSTRACT

This paper focus on the study of macroeconomics variables that are inflation, population and economic growth. The main objective is to identify and examined the economic factors that affected economic growth. In this study, data was including in time series data from year 1981 until 2010 that involved around 30 years. The data including three variables that are economic growth, inflation and population. The effect of inflation on economic growth and how population relates to inflation. The stationary properties of the time series data are examined by using Augmented Dickey-Fuller (ADF) and Phillips- Perron (PP). To find out long-run relationship along the variables, this paper using the Econometrics Technique, Johansen Maximum Likelihood Co-integration. Granger Causality tests is applied in this paper to find out the causality among the three variables. Based on findings from the co-integration test, it is shows that there is long run relationship exists among inflation, population and economic growth. There is also causality between inflation to population and economic growth to inflation but there is no causal relation between population and economic growth. From VECM test, we can found that there is short run relation between economic growth and population.

## ACKNOWLEDGEMENT

I would like to thank ALLAH S.W.T almighty in giving me strength to completing this thesis on time and keeps me on believing that this project paper would be possible and more interesting. I would also like to express my very great appreciation to Sir Hj.Wahi Bin Ismail @ Reduan for his valuable and constructive suggestions during the planning and development of this project paper. His willingness to give his time so generously has been very much appreciated. Finally, an honorable mention goes to my families and friends for their understandings and supports on me in completing this project paper. I especially also wanted to thank my families who inspired ,encouraged and fully supported me in every trial that came to my way. Also, I thank them for giving me not just financial ,but moral and spiritual support. Without helps of the particular that mentioned above, I would face many difficulties while doing this project paper.

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