UNIVERSITI TEKNOLOGI MARA

DETERMINANTS OF EXCHANGE RATE FLUCTUATION IN MALAYSIA

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AUTHOR'S DECLARATION

I declare that the work in this final year project paper was carried out in accordance with the regulations of Universiti Teknologi MARA. It is original and is the results of my own work unless otherwise indicated or acknowledged as referenced work. This thesis has not been submitted to any other academic institution or non-academic institution for any degree or qualification.

I, hereby, acknowledge that I have been supplied with the Academic Rules and Regulations for Undergraduate, Universiti Teknologi MARA, regulating the conduct of my study and research.

Name of Student   :   Syed Mohamad Akif Bin Syed Sheikh

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ABSTRACT

This paper aims to investigate the fluctuation of the exchange rate in Malaysia. The study will focus on the exchange rate of Malaysian Ringgit (MYR) against US dollar (USD) since Malaysia as one of the strongest currency in Asia and US dollar is the global currency accepted for the most international transaction. The exchange rate variables included in this studies are the inflation rate, money supply, and interest rate. The purpose of the studies is to find the relationship between dependent variable and independent variable, whether they have any correlation between each other or not. The studies used quantitative secondary data which is time series data and multiple regression models as the technique to look at the fluctuation of Malaysian Ringgit. There will be 82 observation over the period of 1997 Q1 until 2017 Q2 that derived from Thomson Reuters Datastream. The expected finding showed interest rate, money supply, and inflation rate have a significant influence on the movement of the exchange rate. This showed that macroeconomics variable is very important to indicate the value of a currency. Therefore, policymakers should be aware of controlling mechanics that affecting the exchange rate, so that the movement of any determinants will not run adverse to the market mechanism

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