

**THE EFFECT OF EXCHANGE RATE AND PALM OIL
PRICE TOWARDS EXPORT EARNINGS OF PALM OIL
INDUSTRY IN MALAYSIA**

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of the Requirement for the
Bachelor of Business Administration
(Hons) Finance**

**FACULTY OF BUSINESS MANAGEMENT
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**BACHELOR OF BUSINESS ADMINISTRATION
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FACULTY OF BUSINESS MANAGEMENT
UNIVERSITI TEKNOLOGI MARA
JOHOR**

“DECLARATION OF ORIGINAL WORK”

I, Noordina Binti Hassan, (I/C Number: 840313-03-5194)

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: 12-5-2007

LETTER OF SUBMISSION

4 MAY 2007

Mr. Muhamad Sukor b. Jaafar
FIN 660 Course Tutor
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Dear Sir,

SUBMISSION OF PROJECT PAPER

Attached is the project paper titled "THE EFFECT OF EXCHANGE RATE AND PALM OIL PRICE TOWARDS EXPORT EARNINGS OF PALM OIL INDUSTRY IN MALAYSIA" to fulfill the requirement as needed by the Faculty of Business Management, University Teknologi MARA.

Thank you.

Yours sincerely,



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ACKNOWLEDGEMENT

Full praise of Allah s.w.t and Prophet Muhammad s.a.w

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May Allah s.a.w reward you all with the best here in this World and Hereafter.

Amin.

ABSTRACT

Palm oil industry has contributed the biggest income to the countries for many years. Moreover, palm oils have emerged as one of the most important oils in the world's oils and the market of fats. Its unique composition makes it versatile in application for food manufacturing as well in the chemical, cosmetic and pharmaceutical industries. For this study, it is focus on the earnings from the export of palm oil industry in Malaysia.

There are still lack of study investigate within these area. Since Malaysia is the world largest producer of palm oil, the questioned raised on the factor that influence the export value (RM) of palm oil industry in Malaysia. The objective of the study is to identify the factor that affecting the total export value of Malaysian palm oil. The independent variables are Malaysian exchange rates of RM/US\$, crude palm kernel oil (CPKO) price and crude palm oil (CPO) price. While, the dependent variable is export value of Malaysia palm oil (RM). This study consists of 6 year monthly observation for the period between 1995 until 2000. The data about this study is taken from secondary data which is from internet and database. Statistical tools has used in the study is Multiple Linear Regression in order to find the findings of the research. From the study, it found that the export value of Malaysia palm oil is influences by exchange rate, crude palm kernel oil (CPKO) price, and crude palm oil (CPO) price.