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THE DYNAMIC RELATIONSHIP BETWEEN GOLD PRICE AND US DOLLAR IN MALAYSIA:

COINTEGRATION AND GRANGER CAUSALITY TEST

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Glory to Allah S.W.T, Most Gracious, the Most Merciful and peace upon his messenger Holy Prophet Muhammad S.A.W. All the worship belongs to only Allah. I seek refuge to Allah from the wickedness within and from the evil deeds. I also praised to Allah S.W.T for giving me courage, time, strength and knowledge to complete this project paper properly.

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ABSTRACT

Gold is a precious metal that had been used as a medium of exchange since the ancient's time. Over the past thousand years before, gold has been valued based on the uniqueness and beauty in physical gold itself. It has a bright shining yellow colour and symbolizes luxury. Initially, the gold was used as jewelry, appliance and act as an important commodity for trading. However, on this modern age the uses of gold had been diversified for example jewelry, investment, electricity and medication. The history has proven that the gold has been used as money, many European countries implemented gold standard in the latter part of the 19th century until these were temporary suspended in the financial crisis involving in World War 1. After World War 2, the Bretten Wood system pegged the US Dollar to gold. In this paper, the researcher will examine about the factors that can affect the gold price. The researcher will used US Dollar as the independent variable. This research is study in Malaysia market and researcher wants to know the relationship of the gold price in Malaysia.