The Impact of Macroeconomic Indicators towards Economic Growth in Malaysia

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LIST OF ABBREVIATIONS

WDI	**World Development Indicators**
GDP	**Gross Domestic Product**
GOVEXP	**Government Expenditure**
UNEMP	**Unemployment**
IMP	**Imports**
EXP	**Exports**
POP	**Populations**
INF	**Inflation**
OLS	**Ordinary Least Square**
ADF	**Augumented-Dickey Fuller**
PP	**Philips Perron**

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ABSTRACT

This paper examines the impact of macroeconomic indicators in Malaysia between 1967-2015 through the application of Augumented Dickey-Fuller technique in testing the unit root property and Granger Causality. The time series data is taken in this study consist of one country which is Malaysia with 40 years study. Economic growth is commonly measured by GDP because it is known as a perfect measure. The macroeconomic elements such as government expenditure, unemployment, inflation, population, imports and exports in Malaysia are estimated towards the performance of the Malaysian economic growth. As Malaysia is known as developing country, there is need the potential measure to be taken. E-Views is used for estimation of data analysis to generate the results by using, Ordinary Least Square, Unit Root Test, Johansen-Juselius Cointegration Analysis and Granger Causality Test using VAR. The result of OLS in this research shows indicate the positive relationship of government expenditure towards economic growth.