MACROECONOMICS VARIABLES
AND ITS IMPACT TOWARDS
THE GROSS DOMESTIC PRODUCT IN MALAYSIA

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<u>DECLARATION OF ORIGINAL WORK</u>

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I, Mohammad Azrie Bin Nordin (I/C Number: 960531-02-6065)

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.

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ABSRACT

Macroeconomic variables such as foreign direct investment, import, labor force household consumption expenditure and exchange rate was used as a framework to determine the impact toward gross domestic product in Malaysia from 1986 to 2016. In order to achieve the result, several method and test is used for example Unit root test which consider ADF and KPSS test followed by Ordinary Least Square(OLS) and diagnostic checking such as Autocorrelation test, Multicollinearity test and Heteroscedasticity test. Result show that there is a positive relationship between all variable toward gross domestic product and three out of five variables is significant toward gross domestic product which is exchange rate, import rate and household consumption expenditure. During multicollinearity test, these test achieve no multicollinearity after researcher omit the two variable that have tendency to faced multicollinearity problem which is import and labor force variable. Researcher manage to overcome heteroscedasticity problem after white test is done and there is no autocorrelation is achieve when researcher manage to do not reject null hypothesis. These finding may be vital for future economic growth and policy.