

MACROECONOMICS FACTOR THAT AFFECT CRUDE PALM OIL PRICE IN MALAYSIA

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PASIR GUDANG

DECEMBER 2019

ABSTRACT

Crude palm oil (CPO) contributes significantly to the Malaysian economy. Malaysia

currently holds the position as the world's second-largest palm oil producer after

Indonesia. Malaysia and Indonesia are the largest and second largest producers and

exporters of palm oil products in the world where together they contribute 83.5% of

production and 89.6% of palm oil trade in the world. Both countries export CPO and

processed palm oil (PPO). This research will study the macroeconomic factors that

affect CPO price in Malaysia from 1999 to 2018.

Through this research, the researcher can examine the relationships between the

dependent variable, CPO price and independent variables, Exchange rate, Inflation,

Money Supply and Gross Domestic Product (GDP). The research uses secondary data

collected from the World Bank and Data stream, and applies Correlation Test,

Descriptive Analysis, Augmented Dickey-Fuller test (ADF), Normality Test and

Regression Analysis. Through this research, the researcher can conclude the findings

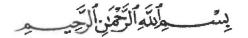
and correlation between macroeconomic factors with CPO price in Malaysia.

Keywords: Crude Palm Oil (CPO) price, Exchange rate, Inflation, Money Supply and

Gross Domestic Product (GDP)

iv

ACKNOWLEDGEMENT



I wish to acknowledge the contribution of many people who have in one way or another made this research a reality.

My greatest appreciation goes to my advisor Mr Mohamad Azwan Bin Md Isa, Lecturer of Finance, for guidance and support throughout the whole research. His patient and advices ensured this thesis to be on the right track and proceed smoothly. I sincerely appreciate what he had done to guide me.

Most importantly, none of this could have happened without my beloved family, friends and course mates, for their helpful suggestions, advices and moral support throughout the time of completing my industrial training and report paper

Last but not least, I would like to thank to those who have helped me either directly or indirectly, throughout the completion of my industrial training and this report. It would not have been possible without them. All of contribution and mankind was mostly appreciated. Thank you.

TABLE OF CONTENTS

		Page
TIT	LE PAGE	i
AUT	THOR'S DECLARATION	ii
LET	TTER OF TRANSMITTAL	iii
ABS	STRACT	iv
ACK	KNOWLEDGEMENT	v
TAB	BLE OF CONTENT	vi
LIST	T OF FIGURES	X
LIST	Γ OF TABLES	xi
LIST	Γ OF ABBREVIATIONS	xii
CHA	APTER ONE INTRODUCTION	
1.1	Research Background	1-3
1.2	Problem Statement	4-5
1.3	Research Obejectives	6
1.4	Research Questions	6
1.5	Significance of the Study	7
1.6	Scope of the Study	8
1.7	Limitation of the Study	8
1.8	Definition of Key Terms	9-10
1.9	Summary	11
CHA	APTER TWO LITERATURE REVIEW	
2.1	Introduction	12

2.2	Crude	12-13	
2.3	Empirical Literature		14
	2.3.1	Exchange Rate	14-15
	2.3.2	Inflation	15
	2,3,3	Money Supply (M3)	16
	2.3.4	Gross Domestic Product (GDP)	16-17
2.4	Theor	etical Framework	18
CHA	PTER	THREE RESEARCH METHODOLOGY	
3.1	Introd	uction	19
3.2	Sampl	19	
3.3	Data (19	
3.4	Varial	20	
	3.4.1	Dependent Variable	20
	3.4.2	Independent Variable	20
3.5	Research Design		22
	3.5.1	Purpose of the study	21
	3.5.2	Types of investigation	21
	3.5.3	Time Horizon	21
3.6	Hypotheses Statement		22
3.7	Data Analysis		23
	3.7.1	Descriptive Analysis	23
	3.7.2	Stationery Test	23
	3.7.3	Correlation Test	23
	3.7.4	Regression Test	24
	3.7.5	F-Test	24-25
	3.7.6	Coefficient of Determination (R2)	25
	3.7.7	Adjusted R2	25