



UNIVERSITI TEKNOLOGI MARA

**ECONOMETRICS CONDITIONAL ON
MONETARY POLICY SHOCKS IN MALAYSIA:
AN EVALUATION OF THE CO-INTEGRATION
ALONG THE PARAMETERS AND CRUDE PALM
OIL PRICE**

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Final Year Project Paper submitted in fulfillment
of the requirements for the degree of
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AUTHOR'S DECLARATION

I declare that the work in this thesis was carried out in accordance with the regulations of Universiti Teknologi MARA. It is original and is the results of my own work, unless otherwise indicated or acknowledged as referenced work. This thesis has not been submitted to any other academic institution or non-academic institution for any degree or qualification.

I, hereby, acknowledge that I have been supplied with the Academic Rules and Regulations for Post Graduate, Universiti Teknologi MARA, regulating the conduct of my study and research.

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ABSTRACT

Palm oil production had largely contributed to the GDP performance for decades in Malaysia. Macroeconomic variables can be extract in selected terms such as inflation, real output and employment which undertake by monetary policy to obtain a particular of objectives. Nonetheless, the policy transmission mechanism is involve by considerable lags whereby monetary policy actions such as amendment in discount rate of the central bank provides indirect effects (Ioannidis and Kontonikas, 2006). According to BNM (2019), broad-based monetary policy has supported global growth that mitigate low inflation's environment. Furthermore, stock market can be constrained by the government using diverse monetary, fiscal approach or other regulations (Wang, 2010). Hence, this research will evaluate the unique relationship between commodity price and monetary policy, which consist of inflation, dollar exchange rate, interest rate, domestic credit to private sector as a proxy for financial innovation and broad money as a proxy for money supply.

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