THE DETERMINANTS OF GOLD PRICES IN MALAYSIA

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ABSTRACT

This study evaluates the effect of macroeconomic variables towards the prices of gold in Malaysia. The independent variables considered are consist of United States Dollar (USD), Kuala Lumpur Composite Index (KLCI), Consumer Price Index (CPI) and Interest Rate (IR), while the dependent variable are prices of gold. Secondary data are used in the studies. The study used Multiple Linear Regression Model with time series data to determined significant relationship between dependent and independent variables, covering monthly data for 7 years period which are from 2007 until 2013. The statistical data were obtained from documents such as reports, articles and journals. The study is an attempt to investigate the relationship of the chosen macroeconomic variables towards influencing prices of gold. The result indicates that investors, speculators, and others could forecast the gold price movements. Moreover, Malaysian government also can take advantage of this research results to manage the domestic gold price more effective.

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