



DETERMINANTS OF MALAYSIA CURRENCY

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ABSTRACT

Value of currency have been in question mark since ages. When the global fiat system is introduce, replacing gold as standard and the collapse of Bretton System in 1970s, there have been many argument regarding factor make up the value of a country currency. This conflict have been debate since early 20th century, over the “state theory of money”, which maintained that money is a creature of a state and the state have the right to manipulate and free to do whatever it like, free from any constraint of law and even from moral (Kevin Dowd,2012). Currency markets are increasingly speculative, and exchange-rate volatility are affected by many aspects of commercial activity, either macro or micro variables. Although there are many research being done to determine value of currency of country using macroeconomic variables, there is still no unifying consensus. Malaysia Ringgit against U.S Dollar have widen in recent year. Several studies have been conducted in contrast, to find reason the depreciation of Malaysia Ringgit, where mostly one variable is taken into account. Hence this study is aiming to estimated and identify macroeconomic variable, such as demand, inflation, interest rate and crude palm oil significant on value of Malaysia Ringgit.

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