



THE IMPLICATION PRICE OF SUBSTITUTE PRODUCT
TOWARDS PRICE OF CRUDE PALM OIL :
EVIDENCE FROM MALAYSIA

SITI AMIRA SAHIRA ROSLAN
2013444818

BACHELOR OF BUSINESS ADMINISTRATION
WITH HONOURS (FINANCE)
FACULTY OF BUSINESS MANAGEMENT
UNIVERSITI TEKNOLOGI MARA
SABAH

JUNE 2015

AKCNOWLEDGEMENT

I would like to acknowledge of the following people who has participate and made this study possible. First and foremost, I would like to give a deepest gratitude to my supervisor PM Dr. Imbarine Bujang for his guidance, support and encouragement from the initial to the final stage of my study. Special thanks to PM Dr. Imbarine Bujang for spending time to read and go through my work with useful comments and quick feedback.

Next, I would like to thank to my family. They have gives a big support either physically, mentally and financially. During frustration time of my work, they were there to give me support and love. Without them I might already give up to keep finished my project paper.

Finally, I would like to offer my regards to my friends Ahmad Fauze Bin Abdul Hamit who gave me a lot of helped and knowledge. Also to my other friends, Nurul Afiqah Binti Ozlan, Livina Sari ak Gerunong, Nuradilah Binti Mohd Asri, Hasinah Jasli, Keren Binti Baalikak and Nurhidayah Binti Sumiyo who has gave me a hand and support in the whole of study process to complete the study. Last but not least, I would also to thanks all the fellows and staff of the University of Technology Mara for their assistance.

TABLE OF CONTENT

LIST	PAGE
TITLE PAGE	I
DECLARATION OF ORIGINAL WORK	II
LETTER OF SUBMISSION	III
USE OF THESIS	IV
ACKNOWLEDGEMENT	V
LIST OF TABLES	VI
LIST OF ABBREVIATIONS	VII
ABSTRACT	VII
CHAPTER	
1. INTRODUCTION	1
1.0 Background to the study	1 – 2
1.1 Problem Statement	3
1.2 Objective of study	4
1.3 Scope of study	4
1.4 Limitations of study	5
1.4.1 Accuracy of Data and Information	5
1.4.2 Time Constrains	5
1.5 Significant of Study	6
1.6 Summary of the Chapter	7 - 8
2. LITERATURE REVIEW	9
2.0 Introduction	9
2.1 Price of Crude Palm Oil	10
2.2 Price of Soybean Oil	10 – 11
2.3 Price of Coconut Oil	12 – 13

2.4 Price of Sunflower Oil	13
2.5 Theoretical Framework	14 – 15
2.6 Summary of the Chapter	15
3. DATA AND METHODOLOGY	16
3.0 Introduction	16
3.1 Research Design	16
3.2 Data Collection Method	17
3.3 General Hypothesis	17 – 18
3.4 Unit Root Test	18
3.5 Multicollinearity Test	19
3.5.1 Variance Inflation Factor Test	19
3.6 Serial Correlation	19
3.6.1 Breusch-Godfrey LM Test	19
3.7 Heteroscedasticity Test	20
3.7.1 White Test	20
3.8 Multiple Linear Regression	20
3.9 Johansen Cointegration Test	21
3.10 Granger Casualty Test	21
3.11 Flow of Research Methodology	22
3.12 Summary of the Chapter	23
4. FINDINGS AND ANALYSIS	24
4.0 Introduction	24
4.1 Results of Unit Root Test	24 – 25
4.2 Results of Multicollinearity Test	25
4.3 Results of Serial Correlation Test	25 – 26
4.4 Results of Heteroscedasticity Test	26

ABSTRACT

There are a lot commodity product in this world such as corn oil, olive oil, soybean oil, sunflower oil, crude palm oil and etc. In this studies, however only focus on soybean oil, coconut oil and sunflower oil that act as an independent variable while crude palm oil act as a dependent variable. As we know, the price of this commodity very fluctuate. Rapid development of the country make a huge demand and supply around the world. This paper is to find out the relationship between soybean oil, coconut oil and sunflower oil towards crude palm oil. If there has any changes in price of substitute product what going to be happen on price of crude palm oil. Next, this paper also to figure out is there any granger causality between the variable? Data were collected by monthly basis from January 2004 to December 2014. In order to complete the task, Multiple Linear Regression and Granger Causality Test been conducted. The results found there are significant relationship between these variables but not all variables have granger causal effect relationship.