



FACTORS AFFECTING THE EXCHANGE RATE IN MALAYSIA

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I hope that all of the information and data I have gathered will be helpful to anyone who will be accessing it regarding "FACTORS THAT AFFECTING EXCHANGE RATE IN MALAYSIA". It would be an honor to us if it used as a reference or for any other good cause.

ABSTRACT

This study attempts to investigate the relationship between exchange rate and the independent variables, which are, inflation, government expenditure, foreign direct investment and export trade in Malaysia. Secondary data was sourced within the period 1986 to 2016, which was collected from the World Bank Data. On the other hand, the technique implemented to estimate the model was Autoregressive Distributed Lag (ARDL). The results showed that the determinant factors of exchange rate through government expenditure and export trade are capable of influencing the exchange rate and negatively related and statistically significant to the exchange rate. However, the result showed insignificant impact and negative correlation between inflation and foreign direct investment, and exchange rate. Although this study experienced few limitations, thence the recommendations have been suggested to the future researchers.

Keywords: Exchange rate, inflation, government expenditure, foreign direct investment, export trade

TALE OF CONTENTS

	PAGES
LIST OF CONTENTS	
TITLE PAGE	i
DECLARATION OF ORIGINAL WORK	ii
LETTER OF SUBMISSION	iii
ACKNOWLEDGEMENT	iv
TABLE OF CONTENT	v
LIST OF FIGURES	ix
LIST OF TABLES	x
LIST OF ABBREVIATIONS	xi
ABSTRACT	xii
CHAPTER 1 INTRODUCTION	
1.1 Introduction	1
1.2 Background of Study	2
1.3 Problem Statement	12
1.4 Research Objectives	
1.4.1 General Objectives	15
1.4.2 Specific Objectives	15
1.5 Research Questions	16
1.6 Hypothesis of the Study	17
1.7 Scope of the Study	19
1.8 Significance of Study	20
1.9 Summary	21
CHAPTER 2 LITERATURE REVIEW	
2.1 Introduction	22
2.2 Literature Review	

2.2.1	Dependent Variable	23
2.2.2	Independent Variable	
2.2.2.1	Inflation	25
2.2.2.2	Government Expenditure	28
2.2.2.3	Foreign Direct Investment	30
2.2.2.4	Export Trade	32
2.3	Theoretical Framework	34
2.4	Summary	35
CHAPTER 3	RESEARCH METHODOLOGY	
3.1	Introduction	36
3.2	Research Design	37
3.3	Data Collection Method	38
3.4	Data Processing	39
3.5	Data Analysis	
3.5.1	E-views	40
3.5.2	Model Specification: Determination of Exchange Rate	40
3.6	Estimation Technique	42
3.6.1	Unit Root Test	
3.6.1.1	Augmented Dickey-Fuller (ADF)	43
3.6.1.2	Phillips-Perron (PP)	45
3.6.2	Autoregressive Distributed Lag (ARDL) Cointegration for Time Series Analysis	46
3.6.3	The Transformation of ARDL Model	48
3.6.4	Diagnostic Test	49
3.6.4.1	Autocorrelation Test	49