UNIVERSITI TEKNOLOGI MARA

THE DETERMINANTS OF GOLD PRICE IN MALAYSIA

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ABSTRACT

This study aims to analyses factors that affecting the prices of gold in Malaysia and also, to determine the determinant factors that influence the prices of gold in Malaysia. This study will use time series analysis and multiple regression models to determined significant relationship between dependent and independent variables, covering monthly data for 120 observations which are from April 2007 to March 2017 (11 years). The data were collected from a particular database that is Data Stream and the information also is gathered from the previous journals and websites that are related with this study as a references. The researcher also used the EVIEWS (Econometric View) software from 8.0 version to examine and analyses the data in order to get the outcome of the research whether the variables is positively or negatively significant to each other. The dependent variable are the prices of gold in Malaysia while, the independent variable are the crude oil prices, silver prices, exchange rates and inflation rates. The results of the study are valuable for both academic and investor.

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CHAPTER 1

INTRODUCTION

1.0 INTRODUCTION

This chapter will explain about the gold which is the background of study and then research problem, research objectives which consist of particular and general objectives. After that, research question, hypothesis of study, significance of study, scope of study and lastly definition of term.

1.1 BACKGROUND OF THE STUDY

Gold has been used broadly all over the world. Gold has attracted people from thousands of years ago until today, because gold is a valuable item that is durable, easy to carry, as well as universally accepted and validated (Worthington, and Pahlavani, 2006). Gold, a valuable item that used by individuals all over the world not only used for the jewels purpose but also as a medium of exchange, reserve instrument and also investment as well. Financial institutional, government and private investors make an investment in gold for some reasons, which the main purpose is to hedge against inflation (Kolluri, 1981).

Gold can be as a substitute to the stock market. Gold seems to act as safety one in times of economic, political or financial depressions (Baur and McDermott, 2010). By trade stocks can give higher return to the investors, which is they will receive dividends and also potential growth in share capital. Then, in times of economic decline or collapse, the values of stocks or shares are going down. At that time,