THE LONG TERM RELATIONSHIP BETWEEN MONEY SUPPLY, INFLATION AND ECONOMY GROWTH

FARAH LADIS

2011477172

BACHELOR OF BUSINESS ADMINISTRATION

WITH HONOURS (BUSINESS ECONOMICS)

FACULTY OF BUSINESS MANAGEMENT

UNIVERSITI TEKNOLOGI MARA

KOTA KINABALU, SABAH

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ABSTRACT

This paper focuses on the study of the long run relationship between money supply, inflation and economic growth. The sample period of this study consists of 33 years for each variable start from 1979-2011. Cointegration is used to examine the long-run relationship with all the macroeconomic variables. Estimation result indicate a data for money supply is not stationary and the data for inflation and is stationary. The cointegration test also shows us that there is long term relationship between the variables.