



**MACROECONOMIC VARIABLE FACTORS AFFECTING ECONOMIC
GROWTH IN MALAYSIA**

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ABSTRACT

This study examines the relationships that between economic growth (GDP) and the determinants government expenditure (GE), exchange rate (EXC), inflation rate (INF) and interest rate (IR) from the year of 1986 to 2015 which contains yearly data. This paper applies Ordinary Least Square methods in order to define the statistical relationship among the variables. Besides, there are steps involved in the research begin with ordinary least square methods and proceed with Descriptive Analysis, Diagnostic Checking, Unit Root tests, Multiple Linear Regressions.

In Diagnostic Checking, some tests done to check the significant presents of multicollinearity, autocorrelation, heteroscedasticity, the normality of data distribution and model specification.