



THE DETERMINANTS OF INFLATION IN MALAYSIA

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ABSTRACT

The aim of the study is to investigate the determinants of inflation rate in Malaysia. The selected independent variables used are government expenditure, money supply, interest rate, unemployment rate and gross domestic product from 1987 to 2016, while the dependent variable is inflation rate (consumer price index). The relationship is examined by undertaking regression analysis using time series data that collected from World Bank Database. Multiple Linear Regression are used to identify the relationship between dependent and independent variables. From the result, the study shows that government expenditure and money supply has no significant towards inflation rate, while, interest rate and unemployment rate have significant towards inflation rate..