DOES GOLD ACT AS A GEDGE AGAINST THE MALAYSIAN EXCHANGE RATE? EVIDENCE FROM THE FINANCIAL CRISIS IN 2008

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ABSTRACT

Using a model of classical linear regression covering 10 years of daily data for MYR exchange rates, this paper addresses a practical question: Does gold act as a hedge against the Malaysian Ringgit or not? This study is divided into three section of timeline that highlight the possible effect on the economic crisis in 2008. A key finding from this two variable regression model is that there is significant negative relationship between price of gold and Malaysian exchange rate during the course of years.