



UNIVERSITI TEKNOLOGI MARA

**THE DETERMINANTS OF MALAYSIA DOMESTIC
PRODUCT (GDP)**

DAYANG NUR ARFINY BINTI AWG SAHARI

2019324999

Final Year Project Paper submitted in fulfillment
of the requirement for the degree of
Bachelor of Business Administration
(Investment Management)

Faculty of Business and Management

July 2021

ABSTRACT

According to the FMT news article, Malaysia Gross Domestic Product (GDP) drop by 5.6% in year 2020, in which it is the lowest GDP since Asian Financial Crisis 1998. The mainly reason is must be the enforcement of the movement control order (MCO) since Mac. As we know, GDP is showing the health of Malaysia economy status. In this research, I studied the relationship between GDP with six macroeconomic variable which are interest rate, inflation rate, net export, income level, tax rate and unemployed rate. In order to perform and determine the hypotheses, I used Ordinary Least Square (OLS) regression, which is Multiple Regression Equation method by using EViews 11 Student Version. Through this methodology, I expect to obtain positive and negative relationship, also the significance of these macroeconomic variables toward GDP in Malaysia. The findings of this research may assist future investors in formulating and renewing their investment strategy in order to minimize potential risk, particularly during bad economic performance.

ACKNOWLEDGEMENT

First and foremost, we are grateful to Allah SWT for giving us health and the ability to carry out our tasks. Without His will, this research will not be able completed

Next, I want to express my sincere appreciation for supporting me throughout my studies in several individuals and associations. First, I want to offer my heartfelt gratitude to my supervisor, Mrs. Zaibedah Binti Zaharum, who helped me in my research and writing of this thesis at all times and for her enthusiasm and patience, insightful commentary, helpful information, practical advice and interruptive ideas. I am able to complete this research successfully thanks to my huge knowledge, profound experience and professional expertise in this topic. This project would not have been possible without its support and guidance. I couldn't have thought of a better supervisor.

Thank you to all my members of BM251, who have always shared opinions and knowledge with us. I would also like to thank the parties who help me directly or indirectly to prepare this research. Good luck for having the bright future and lives.

Finally, thank you especially for the support and advice of my parents and my families. I would not have to complete this research paper without their encouragement ad warmly support

TABLE OF CONTENTS

CHAPTER ONE: INTRODUCTION

1.1	Introduction	1
1.2	Research Background	1
1.3	Problem Statement	2
1.4	Research Question	4
1.5	Research Objective	4
1.6	Significance of Study	5
1.7	Scope of Study	6
1.8	Limitation of Study	6
1.9	Definition of the Key Term	7
1.10	Summary	9

CHAPTER TWO: LITERATURE REVIEW

2.1	Introduction	10
2.2	Literature Review on Malaysia Gross Domestic Product (GDP)	11
2.3	Literature Review on Interest Rate	12
2.4	Literature Review on Inflation Rate	13
2.5	Literature Review on Net Export	14
2.6	Literature Review on Income Level	15
2.7	Literature Review on Tax Rate	16
2.8	Literature Review on Unemployed Rate	17
2.9	Theoretical Framework	18
2.10	Summary	18

CHAPTER ONE

INTRODUCTION

1.1 Introduction

In the first chapter, we highlighted the background of Malaysia Gross Domestic Product (GDP) and problem statement. Besides, we will introduce this research in general, as we also insert the general idea of this research such as the background of this study, research objectives and question, the significance and the limitation of study, and the definition of every key variable in this research.

1.2 Research Background

1.2.1 Background of The Malaysia Gross Domestic Product

The country's market value of all products and services within a specified period of time is called Gross Domestic Product (GDP). The Bureau of Economic Analysis (BEA) defined GDP as the value of goods and services produced by a country's economy less the value of goods and services consumed in production. Personal consumption expenses, net exports of goods and services, gross private domestic investment, government consumption expenditures and gross investment are included. GDP is the way to determine the condition of the economy of the country. There are three ways to calculate GDP which are by product approach, expenditure approach and income approach. Product approach is the sum of market value of goods and services, expenditures approach is sum of total expenditure of different sectors, and income approach is sum of income that generated by good and services product