

THE FACTORS INFLUENCE THE CONTRIBUTION OF LIQUIFIED NATURAL GAS (LNG) PRODUCTION TO THE MALAYSIAN ECONOMY

NORAZMAH BINTI ABDUL

2013931409

BACHELOR OF BUSINESS ADMINISTRATION (HONS)
BUSINESS ECONOMICS
FACULTY OF BUSINESS MANAGEMENT
UNIVERSITI TEKNOLOGI MARA
(UiTM) CAMPUS KOTA KINABALU

JUNE 2016

ACKNOWLEDGEMENT

First and foremost, I wish to express my gratitude and appreciation towards my family members and loved ones, especially my parents, for their endless and unconditional support and love through moments of comfort and times of turbulence.

My deepest gratitude also goes to Mdm Herniza Roxanne Marcus, my lecturer and advisor, for all the knowledge that has been imparted upon me and the guidance that she has provided in the completion of this research paper.

Last but not least, I thank to all of my past and present economics lecturers and those who built the foundation of economics and the ones who put their efforts in strengthening them, without whom, I will fail to fathom and appreciate the intricate iniquitousness of economics.

No	Contents	Page
1.	CHAPTER 1: INTRODUCTION	
	1.1 Introduction	1
	1.1.1 LNG production in Malaysia	2
	1.1.2 Japan has the 1 st importer of Malaysia LNG	
	1.2 Problem Statement	3
	1.3 Research Objectives	4
	1.4 Significant of Study	
	1.5 Scope of Study	5
	1.6 Limitation of Study	
	1.7 Definition of terms	
	1.7.1 Oil and Gas industry	6
	1.7.2 PETRONAS	
	1.7.3 Liquefied Natural Gas (LNG)	
2.	CHAPTER 2: LITERATURE REVIEW	7
	2.1 PETRONAS Revenue	8
	2.2 LNG Production	8
	2.3 LNG Export	
	2.4 LNG Consumptions	9
	2.5 THEORITICAL FRAMEWORK AND HYPOTHESIS	10-11
	TESTING	12-13
	2.5.1 Theoretical Framework	14
	2.5.2 Hypothesis Testing	15
	210.12 Trypomesis Tessing	
3	CHAPTER 3 : DATA AND METHODOLOGY	16
	3.1 Introduction	17
	3.2 Variables	
	3.2.1Dependent Variable	18
	3.2.2 Independent Variables	
	3.2.2.1 LNG production	18
	3.2.2.2 LNG Export Production	19
	3.2.2.3 LNG Consumption	
	3.3 Data Collection	20
	3.4 Methodology	
	3.4.1 Statistical Method	21
	Table 3.0 : The statistic Terms	22
	3.4.2 Unit Root Test	23
	3.4.2.1 Augmented Dickey Fuller (ADF) Test	24
	3.4.3 Ordinary Least Square (OLS)	
	3.4.4 Serial Correlation Test	
	3.4.5 Heterokedasticity Test	
	3.4.6 Multicollinearity	
	3.4.7 Autocorrelation	
	3.4.8 Newey-West Robust Standard Error	
	3.4.9 Co-Integration Johansen Test	

	3.4.10 Granger Causality Test	
4	CHAPTER 4: Result and Finding	
	4.0 Introduction	30
	4.1 Descriptive Statistic and Findings	
	4.1.1 Transformation the data into Logarithm	
	4.1.2 Unit Root Test	
	4.2 Ordinary Least Square	
	4.3 Heterokedasticity	
	4.4 Multicollinearity Test	
	4.5 Johansen Co-integration Test	
	4.6 Granger Causality test	
5.	CHAPTER 5 : CONCLUSION AND	
	RECOMMENDATION	46
	5.1 Conclusion	47
	5.2 Recommendation	
6.	References	48
7.	Appendix	49 - 64

ABSTRACT

This paper study is consists of the factors influencing the contribution of LNG production to the contribution Malaysian economy. The oil and gas sector has been contributing significantly to the Malaysia's in the economy term of its contribution toward economy in Malaysia. The factors that are included in this study is LNG production, LNG export production and LNG consumption. LNG production is continuously increases year by year since the first production on 1982. Production of LNG in Malaysia is more quality and cheaper than other country that produce LNG because of MLNG Satu, MLNG Dua and MLNG Tiga are increases the technology in processing the LNG production and delivering the demand especially Japan thru pipeline that was reduce the cost of production of LNG.