THE DETERMINANT OF CURRENCY RATE BASED ON POLICIES IN MALAYSIA

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ABSTRACT

This study have dispute between traditional and modern concept pertaining to the currency rate determinations. Many researcher claims that the determinations on economic variables. However, there are also certain researchers that deny the assumption and claims that there are other variables also need to be considering in order improving the currency rate.

The reasons of this study are to determine how both monetary and fiscal policies might affect the currency rate. Moreover, this study also wants to identify which variables in both policies give the most significant effect to currency rate.

Therefore to be able to generate the findings, this study used Multiple Regressions Method to obtain the result from the data from each variable. Next the result will need to be verifying at 2 tests. The both tests namely Heterokedasticity and Breusch-Godfrey serial correlation LM test.

The findings in this study the result shows that the monetary policy gives an impact to the currency rate. The changes in one of the variable in the monetary policy will affect the currency rate.