



**THE IMPACT OF MACROECONOMIC VARIABLES TOWARDS  
INFLATION RATE IN MALAYSIA**

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**(FINANCE)**

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**MELAKA CITY CAMPUS**

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**DECLARATION OF ORIGINAL WORK**



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**“DECLARATION OF ORIGINAL WORK”**

**We, AMIRA NURUL AFIQAH BINTI ABDUL RASHID, (I/C Number: 930708145290) and NURSUHADAH BINTI ISMAIL (I/C Number: 931114045246)**

Hereby, declare that:

- This work has not previously been accepted in substance for any degree, locally or overseas, and is not being concurrently submitted for this degree or any other degrees.
- This project-paper is the result of our independent work and investigation, except where otherwise stated.
- All verbatim extracts have been distinguished by quotation marks and sources of my information have been specifically acknowledged.

Signature: \_\_\_\_\_, \_\_\_\_\_

Date: \_\_\_\_\_

## LETTER OF TRANSMITTAL

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Dear Sir/Madam

Attached is the project title “**THE IMPACT OF MACROECONOMIC VARIABLES TOWARDS INFLATION RATE IN MALAYSIA**” to fulfil the requirement as needed by the Faculty of Business Management, Universiti Teknologi MARA.

Thank you.

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Yours Sincerely,  
AMIRA NURUL AFIQAH  
BINTI ABDUL RASHID  
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Yours Sincerely,  
NURSUHADAH BINTI ISMAIL  
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*In the name of Allah, the Most Compassionate, the Most Merciful*

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Thank you.

## **ABSTRACT**

The aim of this study is to investigate the impact of macroeconomics variables towards inflation rate in Malaysia. The selected macroeconomic variables or the independent variables used are government spending, money supply and unemployment for period from 1982 to 2014, which the total number of observation is 33, while the dependent variable is inflation rate. The relationship is examined by undertaking regression analysis using time series data that collected from World Bank Database. Both Single Linear Regression and Multiple Linear Regression are used to identify the relationship between dependent and independent variables. From the result, the study shows that government spending and money supply has positive significant relationship towards inflation meanwhile, unemployment has negative insignificant relationship towards inflation. This indicates that government spending and money supply give impacts towards inflation while changes in unemployment does not give impact to inflation rate in Malaysia. The relationship discovered should be useful for public, industries and policy makers as well.