



DETERMINANTS OF EXCHANGE RATE:
A CASE STUDY OF MALAYSIA

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DECLARATION OF ORIGINAL WORK



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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 our information have been specifically acknowledged.

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LETTER OF TRANSMITTAL

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11th July 2016

The Head of Program
Bachelor of Business Administration (Hons) Finance
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Dear Sir,

Determinants of Exchange Rate: A Case Study of Malaysia

We are required to do a project paper on the above topic. We hereby submitted this report and we really hope that this work will fulfil the requirement for the Bachelor of Business Administration (Hons) Finance

Thank you.

Yours sincerely,

.....
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Abstract

The aim of this study is to investigate factors affecting exchange rate in Southeast Asian countries which is focusing on Malaysia. The dependent variable of this study is exchange rate while independent variables are price of oil, growth domestic product (GDP), inflation rate and interest rate. The data collected covers the period from 1997 until 2015. This study employs time series in order to study the relationship between those variables. The result of this study found that inflation rate and interest rate has positive significant relationship with exchange rate. We are focusing on the fluctuation price of oil will give the impact the volatility of exchange rate. The main objective is to investigate whether there is a relationship between selected independent variables and exchange rate in Malaysia. The methodology use in this research is secondary data that collected from data stream. We analyse the raw data using Econometric-view 9 (EView9). Our finding prove that the independent variable price of oil and gross domestic product (GDP) are significant with dependent variable exchange rate. For the other researcher, they should focus or highlight on relationship between price of oil and gross domestic product (GDP) towards exchange rate.

Key words: exchange rate, inflation rate, growth domestic product (GDP), interest rate.

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