



**THE CO-INTEGRATION AND CASUAL EFFECT BETWEEN
GOLD PRICE, CRUDE OIL PRICE AND FTSE BURSA
MALAYSIA KLCI**

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BACHELOR OF BUSINESS ADMINISTRATION (HONS) (FINANCE)

FACULTY OF BUSINESS MANAGEMENT

UNIVERSITY TEKNOLOGI MARA

MALACCA CITY CAMPUS

JULY 2015

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A graduation Exercise Submitted to the

Faculty of Business Management

University Technology Mara, Malacca City Campus

As a partial Fulfilment of the requirement

For Bachelor of Business Administration with Honours(Finance)

JULY 2015

DECLARATION OF ORIGINAL WORK



BACHELOR OF BUSINESS ADMINISTRATION

(HONS) FINANCE

FACULTY OF BUSINESS MANAGEMENT

UNIVERSITI TEKNOLOGI MARA

MELAKA

“DECLARATION OF ORIGINAL WORKS”

I, RABIATUL ADAWIYAH BINTI NUH, 920213-08-5530

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 others degrees.
- This project paper is the result of my independent work and investigations, except where otherwise stated.
- All verbalism extract have been distinguished by quotation and sources of my information have been specifically acknowledge.

Signature:

Date:

LETTER OF SUBMISSION

1ST July 2015

DR. MAHERAN BINTI HJ. KATAN

Senior Lecturer

Bachelor of Business Administration with Honours (Finance)

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Dear Madam,

SUBMISSION OF PROJECT PAPER

Attached is the project paper titled “**THE CO-INTEGRATION AND CASUAL EFFECT BETWEEN GOLD PRICE, CRUDE OIL PRICE AND FTSE BURSA MALAYSIA KLCI**” to fulfil the requirement as needed by the Faculty of Business Management, University Technology Mara.

Thank you.

Yours sincerely,

RABIATUL ADAWIYAH BINTI NUH

2013805872

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ABSTRACT

The aim of this study is to investigate the co-integration, causal relationship and long run relationship between domestic gold prices, domestic crude oil price and FTSE Bursa Malaysia KLCI. The study used Johansen Co-integration Test, Granger Causality Test and Vector Error Correction Model (VECM) in order to find the relationship among the variables. The monthly domestic price of gold, crude oil and FTSE Bursa Malaysia KLCI is collected from 31st May 1995 until 30th April 2015. Based on the co-integration results from this study it revealed that there are exists co-integration for the three variables. Therefore, it can be concluded from the evidence that there is long run relationship exist between FTSE, gold price and crude oil price. The causality relationship between the three variables then tested by using granger causality tests and the results shows that there is unidirectional relationship exists between FTSE and gold at 10% level of significance. There is also reported that unidirectional relationship exists between FTSE and crude oil at 5% level of significance.