



FACTORS THAT INFLUENCING INFLATION RATE IN MALAYSIA

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A graduation Exercise Submitted to the

Faculty of Business Management

University Technology Mara, Malacca City Campus

As a partial Fulfillment of the requirement

For Bachelor of Business Administration with Honors (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, SITI HAFIZAH BINTI AKBAR, 920615-07-5028

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

3rd July 2015

Prof Madya Dr. Haji Abd Halim Bin Mohd Noor

Senior Lecturer

Bachelor of Business Administration with Honors (Finance)

Faculty of Business Management

University Technology Mara, 40450 Melaka.

Dear Sir,

SUBMISSION OF PROJECT PAPER

Attached is the project paper titled “**FACTORS INFLUENCING INFLATION RATE IN MALAYSIA**” to fulfill the requirement as needed by the Faculty of Business Management, University Technology Mara.

Thank you.

Yours sincerely,

SITI HAFIZAH BINTI AKBAR

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ABSTRACT

The aim of this study is to investigate the relationship between inflation rate and gross domestic production, unemployment rate, exchange rate, interest rate and fiscal deficit. The study used four models of Multiple Linear Regression in order to find the relationship between inflation rate and gross domestic production, unemployment rate, exchange rate, interest rate and fiscal deficit. The quarterly data was collected from 1996 until 2014. From the result, it reveals that gross domestic production and interest rate have positive significant relationship toward inflation rate while unemployment rate has positive insignificant relationship toward inflation rate. Exchange rate and fiscal deficit have negative insignificant relationship toward inflation rate. It means that there are effect between inflation rate and gross domestic production and interest rate. These results further our understanding of the relationship between inflation rate and gross domestic production, unemployment rate, exchange rate, interest rate and fiscal deficit and should be useful for public, industries and policy makers.