



اَوْنِيُوْرْسِيْتِي تِيْكْنُوْلُوْجِي مَارَا

UNIVERSITI TEKNOLOGI MARA
CAWANGAN KELANTAN

**A STUDY ON FACTORS THAT AFFECTING THE
VOLATILITY OF CRUDE PALM OIL PRICES
IN 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, any locally or overseas, and is not being concurrently submitted for this degree or any other degrees.
- This project paper is the result of my 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: _____

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“In the name of Allah SWT, the Merciful and Beneficent”

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Table of Content

Chapter	Title	Page
	Title Page.....	i
	Declaration of Original Work.....	ii
	Letter of Transmittal.....	iii
	Acknowledgement.....	iv
	Table of Contents.....	v
	List of Tables.....	vii
	Abstract.....	viii

CHAPTER 1 : INTRODUCTION

1.0	Overview.....	1
1.1	Introduction.....	1
1.2	Background of study.....	2
1.2.1	Overview of Palm Oil Industry.....	2
1.2.2	Overview of Palm Oil Production.....	4
1.2.3	Overview of Crude Petroleum Oil.....	5
1.2.4	Overview of Soybean Oil.....	5
1.3	Background of the Company.....	6
1.4	The Purpose of Study.....	7
1.5	Problem Statement.....	7
1.6	Objectives of Study.....	7
1.7	Research Questions.....	8
1.8	Theoretical Framework.....	9
1.9	The Hypothesis.....	9
1.9.1	Hypothesis 1.....	9
1.9.2	Hypothesis 2.....	10
1.9.3	Hypothesis 3.....	10
1.10	The Scope of Study.....	10
1.11	Limitation of Study.....	11
1.11.1	Time constraints.....	11
1.11.2	Lack of information.....	11
1.11.3	Lack of experience.....	11
1.11.4	Accuracy and reliability of information.....	11
1.12	Significant of Study.....	12
1.12.1	To Students.....	12
1.12.2	To Palm Oil Industry.....	12
1.12.3	To the Researchers.....	12

CHAPTER 2 : LITERATURE REVIEW

2.0	Literature Review.....	13
2.1	The Crude Petroleum Oil Prices & Crude Palm Oil Prices..	13
2.2	The Soybean Oil Prices & Crude Palm Oil Prices.....	18
2.3	The Production of Crude Palm Oil & Crude Palm Oil Price	20

Abstract

This paper provides a study on factors that affecting the volatility of crude palm oil prices in Malaysia. In this research, a multiple linear regression model is used to determine the relationship between crude petroleum oil prices, soybean oil prices, production of palm oil and crude palm oil prices. The econometric model is tested by using Statistical Procedure of Social System in order to identify the correlation and significant of the variables. The data used for this study is from January 1999 until December 2009 time period in monthly basis. The result then discussed in relation to the current and expected fundamentals of the palm oil market. As a conclusion, the study found that there is significant relationship between crude petroleum oil prices and soybean oil prices with crude palm oil prices in Malaysia. However, the production of crude palm oil have insignificant influence on Malaysian crude palm oil prices.