

**COMPARISON STUDY: INFLATIONARY
EFFECT OF CRUDE OIL PRICE IN THE CASE
OF MALAYSIA AND TURKEY**

**AHMAD RABANI BIN ABDUL HALIM
2005683836**

**BACHELOR OF BUSINESS ADMINISTRATION
(HONS) FINANCE
FACULTY OF BUSINESS MANAGEMENT
UNIVERSITI TEKNOLOGI MARA
JOHOR**

MAY 2007

**COMPARISON STUDY: INFLATIONARY
EFFECT OF CRUDE OIL PRICE IN THE CASE
OF MALAYSIA AND TURKEY**

AHMAD RABANI BIN ABDUL HALIM

**Submitted in Partial Fulfillment
of the Requirement for the
Bachelor of Business Administration
(Hons) Finance**

**FACULTY OF BUSINESS MANAGEMENT
UITM, JOHOR**

MAY 2007

DECLARATION OF ORIGINAL WORK



**BACHELOR OF BUSINESS ADMINISTRATION
(HONS) FINANCE
FACULTY OF BUSINESS MANAGEMENT
UNIVERSITI TEKNOLOGI MARA
JOHOR**

“DECLARATION OF ORIGINAL WORK”

I, Ahmad Rabani bin Abdul Halim, (I/C Number: 840917-14-6127)

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 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:  _____

Date: 11-5-2007

LETTER OF SUBMISSION

4th May 2007

The Programme Coordinator
Bachelor of Business Administration (Hons) Finance
Faculty of Business Management
Universiti Teknologi MARA
85009 Segamat
Johor.

Dear Sir,

SUBMISSION OF PROJECT PAPER

Attached is the project paper titled "COMPARISON STUDY: INFLATIONARY EFFECT OF CRUDE OIL PRICE IN THE CASE OF MALAYSIA AND TURKEY" to fulfill the requirement as needed by the Faculty of Business Management, University Teknologi MARA

Thank you

Yours sincerely



AHMAD RABANI BIN ABDUL HALIM
2005683836
Bachelor of Business Administration (Hons) Finance

ABSTRACT

The effect of crude oil prices on inflation rate has been continues to be an important topic. Inflation, in the areas of macroeconomics, is always related to high prices of good and services, unemployment, wages and other economic variables. From the view of financial economies, inflation is the risk to the business, investors, and borrower of the fund. This is because; there is a relationship between inflation and interest rate. This study provides the investigation of the relationship between world crude oil prices and inflation rate in Malaysia and Turkey using Pearson's product moment correlation and Single Regression model. The purpose of the study is to determine the correlation and the relationship between oil prices and inflation rate. Furthermore, it wants to identify the strength of the association between these two variables. In order to obtain better analysis, the data of world crude oil prices and inflation rate in Malaysia and Turkey were analyzed in time series of 16 years from 1990 until 2005. the result shows that oil prices and inflation rate in Malaysia have a negative relationship while there are a significance positive relationship between oil prices and inflation in Turkey.