THE EFFECT OF PRIVATE CONSUMPTION, CAPITAL INFLOWS AND TRADE BALANCE TOWARDS INFLATION IN MALAYSIA (1976-2006)

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

FACULTY OF BUSINESS MANAGEMENT
UITM, JOHOR

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LETTER OF SUBMISSION

22 OCTOBER 2007

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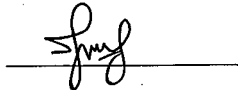Universiti Teknologi MARA
85009 Segamat
Johor.

Dear Sir,

SUBMISSION OF PROJECT PAPER

Attached is the project paper titled "THE EFFECT OF PRIVATE CONSUMPTION, CAPITAL INFLOWS AND TRADE BALANCE TOWARDS INFLATION IN MALAYSIA (1976-2006)" to fulfill the requirement as needed by the Faculty of Business Management, Universiti Teknologi MARA

Thank you

Yours sincerely

SITI NORAIN BINTI ABDULLAH
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"DECLARATION OF ORIGINAL WORK"

**BACHELOR OF BUSINESS ADMINISTRATION
(HONS) FINANCE
FACULTY OF BUSINESS MANAGEMENT**

**UNIVERSITI TEKNOLOGI MARA
JOHOR**

I, Siti Norain Binti Abdullah, (I/C Number :840420-10-5418)

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:__30 /10 /2007___

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ABSTRACT

The aim of this study is to identify the relationship between dependent variable which is inflation with independent variables which are private consumption, trade balance and capital inflows. Besides that, this study also to identify the causality effect between dependent and independent variables. The scope of this study is within Malaysia. This study uses annually data for 30 years which are from the year 1976 to the year 2006. The collected will be analyzed using computer software which is known as SPSS. The analysis is carried out based on the multiple regression and Granger causality.

There are some previous researchers have concluded that there are positive relationship between inflation with private consumption, trade balance and capital inflows There are also some of the researchers says inflation give causality effect between inflation and other variables.