

**A STUDY ON THE EFFECT OF INTEREST RATE,
INFLATION RATE, EXCHANGE RATE AND OIL PRICE
TOWARDS ON MALAYSIAN COMMODITY PRICE
(RUBBER PRICE)**

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ABSTRACT

This study is conducted to answer the question whether the interest rates which refer to Base Lending Rate (BLR), Inflation Rate (CPI), Exchange Rate (RM/REN), and Oil Price can affect Commodity Price (Rubber Price) in Malaysia. With that, interest rates, inflation rate, exchange rates, and oil price will be put as independent variables and Commodity Price (Rubber Price) will be as the dependent variable. The study focuses on economic growth that has been recorded in 15 years from 1991 to 2005. Simple Linear Regression analysis is used in finding out the relationship between dependent and independent variables. Based on the analysis, there is a significant relationship between oil price and interest rate with the Commodity Price (Rubber Price). However, there is no significant relationship arise between inflation rate and exchange rate between Commodity Price (Rubber Price). The Commodity Price (Rubber Price) reacts negatively with the changes in interest rates and inflation rate but react positively towards the changes in exchange rate and oil price. Besides that, using Multiple Linear regression the result show only oil price have significant relationship towards rubber price.

DECLARATION OF ORIGINAL WORK



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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 extract have been distinguish by quotation marks and sources of my information have been specifically acknowledgement

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TABLE OF CONTENTS

| <u>Title</u> | <u>Page</u> |
|--|--------------------|
| Letter of Transmittal | I |
| Acknowledgement | II |
| Table of Content | III-V |
| Abbreviations of Terms | VI |
| Lists of Figure | VII-IX |
| CHAPTER 1: INTRODUCTION | |
| 1.1 Introduction to the study | 1 |
| 1.2 Overview of Rubber Sector, Interest Rate, Inflation Rate, Exchange Rate And Oil Price | |
| 1.2.1 Overview of Rubber Sector | 5 |
| 1.2.2 Overview of Malaysian inflation rate | 6 |
| 1.2.3 Overview of Malaysian interest rate | 7 |
| 1.2.4 Overview of Malaysian exchange rate | 8 |
| 1.3 Problem statement | 9 |
| 1.4 Objectives of the study | 11 |
| 1.5 Theoretical framework | 12 |
| 1.6 Statement of hypotheses | 13 |
| 1.7 Scope of the study | 15 |
| 1.8 Limitations of the study | 16 |
| 1.9 Significance of the study | 17 |
| 1.10 Definition of terms | 18 |
| CHAPTER 2: LITERATURE REVIEW | 19 |

CHAPTER 3: RESEARCH METHODOLOGY

| | | |
|---------|----------------------------|----|
| 3.1 | Sample and sampling design | 26 |
| 3.2 | Data collection method | 26 |
| 3.3 | Data analysis | 26 |
| 3.3.1 | Regression technique | |
| 3.3.1.1 | Simple linear regression | 27 |
| 3.3.1.2 | Multiple linear regression | 28 |

CHAPTER 4: FINDINGS AND DATA ANALYSIS

| | | |
|-------|----------------------------|----|
| 4.1 | Data interpretation | 36 |
| 4.2 | Simple Linear Regression | |
| 4.2.1 | Hypothesis 1 | 37 |
| 4.2.2 | Hypothesis 2 | 43 |
| 4.2.3 | Hypothesis 3 | 49 |
| 4.2.4 | Hypothesis 4 | 55 |
| 4.3 | Multiple Linear Regression | 61 |

CHAPTER 5: CONCLUSIONS AND RECOMMENDATIONS

| | | |
|-----|---|----|
| 5.1 | The relationship of interest rate and rubber price | 70 |
| 5.2 | The relationship of inflation rate and rubber price | 71 |
| 5.3 | The relationship of exchange rate and rubber price | 72 |
| 5.4 | The relationship of oil price and rubber price | 73 |
| 5.5 | The relationship of interest rate, inflation rate, exchange rate and oil price towards rubber price. | 74 |
| 5.6 | Overall Conclusion | 75 |
| 5.7 | Recommendations | 76 |