

**A STUDY ON THE RELATIONSHIP BETWEEN
EXCHANGE RATE, MONEY SUPPLY AND
INTEREST RATE WITH INFLATION IN
MALAYSIA**

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APRIL 2007



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DECLARATION OF ORIGINAL WORK

I, MOHD HAKIM BIN MOHD AKHIB (I/C Number: 840508-14-5887), 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.
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ABSTRACT

Inflation has become an important agenda in most of the countries. Maintaining a relatively low inflation rate is not easy. A lot of parties need to play their role to maintain low inflation rate. As for this study, the researcher wants to determine are the factors that may contribute to inflation in Malaysia. The variables that had been chosen are inflation rate as the dependent variable, exchange rate (Yen), money supply (M3), and interest rate (BLR) as independent variables. Then, the data gathered was analyzed. The result shown that internal factors which were the money supply (M3) and interest rate (BLR) had significant relationship with inflation while external factor which was exchange rate (Yen) had insignificant relationship with inflation in Malaysia.

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