THE EFFECT OF INTEREST RATE, INFLATION RATE AND MONEY SUPPLY TOWARDS ON MALAYSIAN COMMODITY PRICE (RUBBER PRICE AND PALM OIL PRICE)

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- 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

This research paper attempts to determine either there are significant relationship or not between Commodity Price (Rubber Price ad Palm Oil Price) and Interest Rate, Inflation Rate, and Money Supply.

In this study, the dependent variable is Commodity Price (Rubber Price ad Palm Oil Price) and independent variables are Interest Rate, Inflation Rate, and Money Supply. All the data used are in monthly basis, rage from January 2001 until December 2005. In analyzing the data, Simple Linear Regression Model is used.

Based on the analysis, the result shows that Interest Rate has no significant relationship with Rubber and Palm Oil Price. Meanwhile, Inflation Rate and Money Supply have significant relationship with Rubber Price but have no significant relationship with Palm Oil Price. From the F-statistic or F-test that testing for the significant of the overall model, the result shows that the model reliably predicts the dependent variables (Rubber and Palm Oil Price) and independent variables (BLR, CPI and M1). This because, the calculated F-stat is higher than 5% level, it means that there is a significant relationship between independent and dependent variables.

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