



**DETERMINANTS OF INFLATION RATE IN MALAYSIA:
THE CASE OF 1981-2016**

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DECLARATION OF ORIGINAL WORK



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ABSTRACT

The aim of this study is the determinants of the inflation rate in Malaysia. This study used internal determinants such as unemployment, interest rate, government spending, Foreign Direct Investment (FDI) and economic growth. The data was collected from World Bank Data with 35 observations which is from the year 1981 to 2016. Time Series analysis is conducted to examine the determinants. The estimation result shows that FDI is significantly influences the inflation rate while unemployment, interest rate, government spending and economic growth is insignificant effect the inflation rate. For future studies, it is recommended to used different system to run and regressed the data so that it will give different technique and result of the data.

Keyword: inflation rate, unemployment, interest rate, government spending, Foreign Direct Investment (FDI), economic growth, Time Series Analysis.