

UNIVERSITI TEKNOLOGI MARA

**FACTOR AFFECTING THE CONSUMER PRICE INDEX
MALAYSIA**

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**Thesis submitted in fulfillment of
the requirements for the degree
of
Bachelor of Business Administration
(Finance)**


Faculty of Business Administration

December 2017

AUTHOR'S DECLARATION

I declare that the work in this thesis was carried out in accordance with the regulations of Universiti Teknologi MARA, Johor Branch, Segamat Campus. It is original and is the results of my own work, unless otherwise indicated or acknowledged as referenced work. This thesis has not been submitted to any other academic institution or nonacademic institution for any degree or qualification.

I, hereby, acknowledge that I have been supplied with the Academic Rules and Regulations for Undergraduate, Universiti Teknologi MARA, Johor Branch, Segamat Campus, regulating the conduct of my study and research.

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ABSTRACT

The study is determined the relationship of macroeconomic variables with the consumer prices index from the year 1990 to the year 2000 in Malaysia. There are four important macroeconomic variables which is Gross Domestic Product (GDP), Interest Rates and Population that used as the independent variables and the Consumer Prices Index (CPI) as the dependent variables. The main purpose is to look whether the independent variables such as Gross Domestic Product (GDP), Interest Rates and Population are significantly affected the dependent variable which is Consumer Prices Index where it will answered the research question of what are the relationship between all the independent variables and the dependent variable. The data used from secondary data where the data is previously collected by other researcher. All data are collected from The World Bank Database for the year 1990 to the year 2000 on yearly basis. In addition, there are several ways on collecting the information used in the study such as internet and journal from previous researcher. The paper come up with empirical results that all the macroeconomics variables are the key determinants of consumer prices index in Malaysia. The result exhibit that most of the macroeconomics variables have significant relationship with the consumer price index. However there is one variables not significantly related with the consumer price index. Furthermore, the linear regression resulted there was almost no problem on assumption such as serial correlation, autocorrelation, heteroscedasticity and normality occurred. However, there was one multicollinerity error between the consumer price index and the interest rate in Malaysia. Overall, the research shares new knowledge for the use for future researcher and also give guidance related with the factor affecting consumer price index in Malaysia.

ACKNOWLEDGEMENT

In the name of Allah, the Most Gracious and the Most Merciful Alhamdulillah, all praises to Allah for the strengths and His blessing in completing this thesis. Special appreciation goes to my supervisor Ferri Nasrul and Khairudin Mohd Sali@Salleh(Hj) for the supervision and constant support. The invaluable help of constructive comments and suggestions throughout the experimental and thesis works have contributed to the success of this research.

Also not forget the lecturers, staffs and friends for their support, help and cooperation during completion of this research which had given valuable information, suggestions and guidance in the compilation and preparation of this research.

Deepest thanks and appreciation to my parents and family for their cooperation, encouragement, constructive suggestion and full of support for the report completion from the beginning till the end. Also thanks everyone, that has been contributed by supporting my work and helps myself during the research progress till it is fully completed.

TABLE OF CONTENT

	PAGE
AUTHOR'S DECLARATION	iiii
ABSTRACT	
ACKNOWLEDGEMENT	
TABLE OF CONTENT	ix
LIST OF TABLES	
LIST OF FIGURES	xxi
LIST OF SYMBOLS	xii
LIST OF ABBREVIATIONS	
CHAPTER ONE INTRODUCTION	1
1	
1.1 Introduction	
1.2 Research Background	1
1.3 Problem Statement	2
1.4 Research Questions	3
1.5 Research Objectives	3
1.6 Significance of the Study	4
1.6.1 To the public	4
1.6.2 To future researchers	4
1.6.3 To the students	4
1.7 Scope of the Study	5
1.8 Limitation of the Study	5
1.9 Definition of Terms	6
1.9.1 Consumer price index	6
1.9.2 Gross Domestic Product	6
1.9.3 Interest Rates	6
7	
1.9.4 Population	
7	
1.10 Summary	