



UNIVERSITI  
TEKNOLOGI  
MARA



**iCEPS**  
INSTITUTE OF CONTINUING  
EDUCATION & PROFESSIONAL STUDIES

**MACROECONOMIC DETERMINANT THAT AFFECT GOLD PRICE IN  
MALAYSIA**

**AINUL KAMALIA BINTI ABD RAHMAN**

**2015534131**

**BACHELOR OF BUSINESS ADMINISTRATION**

**WITH HONOURS (FINANCE)**

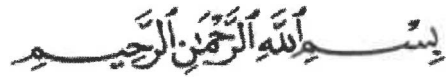
**FACULTY OF BUSINESS MANAGEMENT**

**UNIVERSITI TEKNOLOGI MARA**

**PASIR GUDANG**

**DECEMBER 2019**

## ACKNOWLEDGEMENT



I start with Holy word of Bismillahirrahmanirrahim.

First for all, I would to express my gratitude to Allah S.W.T for give opportunity in my life to complete this study until the end. I would like to thanks to dearest lecturer who always support and give advice to me, Sir Muhammad Azwan bin Md Isa for her contribution of time and effort on this research paper.

Sir Muhammad Azwan always give an idea and advice how to get the information for this research. In addition, I also appreciate he as him agreed to be my superb supervisor without hesitated. He encouragement and strong support have made this project finish with successful.

I also would like to thanks to all the lecturers who have strongly give support, also give suggestions and good comments for me to finish this study with successful. A special thanks goes to Madam Nor Fazlin binti Uteh for her good encouragement and strong support for me and also for my friends who studying in UiTM Seri Alam, PasirGudang.

To all my friends from semester one until now, thanks to support and give advice when I fell want to give up and encourage me to stand back and continue this study until I finish all the tasks given. All of you give me strength and support me to go further until I get what I want for this study. Finally, I would like to thankful to my strong mother, my father and lovely siblings for their good support and their blessings. Without all of them, I will unfinished this study and give up already.

Thank you all.

## TABLE OF CONTENT

<b>CONTENTS</b>	<b>PAGE</b>
TITLE	
LETTER OF DECLARATION	ii
LETTER OF SUBMISSION	iii
ACKNOWLEDGEMENT	iv
TABLE OF CONTENT	v
LIST OF TABLES	viii
LIST OF FIGURES	ix
ABSTRACT	x
<b>CHAPTER 1: INTRODUCTION</b>	
1.1 Background of Study	
1.2 Problem Statement	4
1.3 Research Questions	5
1.4 Research Objectives	5
1.5 Significant of the Study	6
1.6 Scope of the Study	6
1.7 Limitation of the study	7
1.8 Definition on terms	8
1.9 Summary	10

**CHAPTER 2: LITERATURE REVIEW**

2.1 Introduction	11
2.2 Gold Price	11
2.3 Gold Price and Interest Rate	12
2.4 Gold Price and Inflation	14
2.5 Gold Price and Crude Oil Price	16
2.6 Gold Price and Exchange Rate	18
2.7 Theoretical Framework	20
2.8 Summary	21

**CHAPTER 3: RESEARCH METHODOLOGY**

3.1 Introduction	22
3.2 Sample Data	22
3.3 Data Collection	23
3.4 Variable	24
3.5 Research Design	25
3.6 Hypothesis Statement	26
3.7 Data Analysis	28
3.8 Summary	35

**CHAPTER 4: DATA ANALYSIS AND FINDINGS**

4.1 Introduction	36
4.2 Descriptive Analysis	37
4.3 Test on Assumption	41
4.4 Regression Analysis	47
4.5 F-Test	51
4.6 Coefficient of Determination ( $R^2$ )	51
4.7 Adjusted $R^2$	51

## ABSTRACT

Gold is a precious metal which serves as both financial and real assets. The value of gold in the society goes more than just economic, as it is also treasured as a storage and display of mammon and culture. Of late, the price of gold is not stable in which it tends unstable on the economic condition. As gold prices have been showing volatility in their prices for recent years, this study intends to see what variables will influence gold price movements in Malaysia. Therefore this study will be focusing on determining factors that influence gold prices in Malaysia. Independent variables namely Malaysia's Inflation, Exchange Rate, Interest Rate and Crude Oil Price is included. This paper seeks to examine the selected macroeconomics determinant that affect gold price in Malaysia for the time period of Jan 2014- Dec 2018, This study used the Simple And Multiple Linear Regression, Ordinary Least Square (OLS), Correlation Analysis, Modified Cointegration Approach, Forecast Error Data, Cointegration Test, Responses Surface Methodology. The findings of this study have been found to confirm the previously presented experimental test results and to be valid for the gold market in Malaysia. For this reason, researchers from many countries, including Malaysia, have taken on their quest to discover the factors that influence gold prices in Malaysia as well as the causes of their movements. With a great desire to follow their path, the researcher has decided to conduct a study titled "Macroeconomic determinant that affect gold price in Malaysia".

**Key words: Gold Price, Interest Rate, Inflation Rate, Crude Oil Price, Exchange Rate**