

**MACROECONOMIC DETERMINANTS OF NATURAL RUBBER PRICE
IN MALAYSIA**

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ABSTRACT

Natural rubber has been a predominant primary industry in Malaysia where it contributes to economic growth to the country and natural rubber has also been a major export product mainly to China, EU countries and the United States. However price volatility of natural rubber has drawn concern towards the nation because it will indirectly affect the whole industry players; the government, market traders and farmers included. In the year 2015-2016 Malaysia has faced a dropped in Standard Malaysia Rubber 20 (SMR20) price, and it was forecasted that Malaysia will again face price reduction in 2022 due to oversupply of natural rubber. This issue will cause a threat towards economic progressive of the industry as rubber is an important commodity in Malaysia and many households income that depends on this industry will react on the increase or decrease of rubber price performance. Secondary data that is obtained from Datastream, and Malaysian Rubber Board for SMR20 price will be used for this study on quarterly basis from 2006–2018. Several data analysis will be used such as descriptive analysis, and multiple regression analysis. This research paper found that the macroeconomic determinants that affect natural rubber price in Malaysia are gross domestic product (GDP) and exchange rate.

Keywords: Natural rubber price (SMR20), GDP, inflation, export, exchange rate

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