FACTOR DETERMINIG GOLD PRICES IN MALAYSIA

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ABSTRACT

Gold is a precious metal which serves as both financial and real assets. The value of gold in 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 to oscillate contingent on the economic condition. However, in the long-run, its price seems to be increasing due to high demand and inadequate supply worldwide. Moreover, in the short run, its price keeps volatile due to various potential reasons. Therefore, this study was conducted to determine the factor influencing gold prices in Malaysia. This main objective is to examine the relationship between factors interest rate, crude oil price, and exchange rate with gold prices in Malaysia. Besides that, this study aims to understand and describe the dependent variable or explain its variability or predict it. However, this study's dependent variable is the gold price on monthly data from January 2015 until December 2019, which consists of 60 observations. The data are taken from Index Mundi. This variable measured by Ringgit Malaysia. In contrast, the independent variable is one that influences the dependent variable in whether positive or negatively. When the independent variable is present, the dependent variable also presents, and with each unit of increase in the independent variable, there is an increase or decrease in the dependent variable. The relationship of variables and housing price tested using Descriptive Analysis, Augmented Dickey Fully (ADF) Unit Root Test, Normality Test, and Regression Analysis. Secondary data from reliable data sources will be gathered. Based on Multiple Regression Model Test, the result show that there is a significant and positive relationship between exchange rate and gold price as the coefficient of exchange rate indicates a positive value. The Interest rate (INT) and CPO found to has insignificant result. Therefore, this findings are useful in enhancing better understanding of the significant relationship of determinants toward gold price. Recommendation on future research is to add more variable and try a different type of data structure.

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