

UNIVERSITI TEKNOLOGI MARA

**MODELLING ON GROSS DOMESTIC PRODUCT IN MALAYSIA
USING ARTIFICIAL NEURAL NETWORK AND TIME SERIES
ANALYSIS**

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ABSTRACT

Unemployment and Gross Domestic Product growth is interrelated to each other. This determine to compare the predicted model by using the Artificial Neural Network method and Time Series Analysis. This study also aims to determine the relationship of unemployment rate to the Gross Domestic Product in Malaysia. The data used is quarterly data of unemployment rate and GDP growth rate ranged from 1998-2017. The model built is based on the First Quarter and Fourth Quarter. Based on the Artificial Neural Network, the best model belongs to Y_{t1}, Y_{t-1} and Y_{t4}, Y_{t-4} for first and fourth quarter, respectively. For Time Series Analysis, the results found that the model ARIMA(1,1,1) is the best model for first quarter because of the lower Akaike and Schwartz Information Criterion and no serial correlation existed. The fourth quarter using Time Series Analysis could not be done as there is not significant spike exist in the Autocorrelation Function and Partial Autocorrelation result. From Johansen cointegration test shows the unemployment rate effect the GDP growth. Then, by using Artificial Neural Network the relationship of unemployment and Gross Domestic Product existed due to the present of weight in training data. This study hope that macroeconomic researcher would have the idea on what future of both of the variable in the study as to make it well balance in the future.

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TABLE OF CONTENTS

	PAGE
ABSTRACT	i
ACKNOWLEDGEMENT	ii
TABLE OF CONTENT	iii
LIST OF TABLE	v
LIST OF FIGURE	vi
LIST OF ABBREVIATION	vii
CHAPTER 1: INTRODUCTION	
1.1 Background of Study	1
1.2 Problem Statement	2
1.3 Research Objectives	3
1.4 Research Question	4
1.5 Research Hypotheses	4
1.6 Scope of Limitations of the Study	4
1.7 Significance of the Study	5
CHAPTER 2: LITERATURE REVIEW	
2.1 Introduction	6
2.2 Unemployment	6
2.3 Gross Domestic Product	7
2.4 Relationship Between Unemployment and Gross Domestic Product	9
2.5 Modelling Method	10
2.5.1 Artificial Neural Network	10
2.5.2 Time Series Analysis	11
2.5.3 Other Methods	12
2.6 Summary	13
CHAPTER 3: METHODOLOGY	
3.1 Introduction	14
3.2 Sources of Data	14
3.3 Theoretical Framework	14
3.4 Data Analysis	15
3.4.1 Descriptive Statistic	15
3.4.2 Artificial Neural Network	16
3.4.3 Time Series Analysis	19
3.4.4 Summary Data Analysis	23
3.4.5 Software	24
3.5 Summary	25

CHAPTER 4:	RESULTS AND DISCUSSION	
4.1	Introduction	27
4.2	Descriptive Analysis	27
4.3	Artificial Neural Network Analysis	32
	4.3.1 Model Performance of First Quarter Data	33
	4.3.2 Model Performance of Fourth Quarter Data	33
4.4	Time Series Analysis	34
	4.4.1 First Quarter Gross Domestic Product	34
	4.4.2 Fourth Quarter Gross Domestic Product	38
4.5	Summary	40
CHAPTER 5:	CONCLUSION AND RECOMMENDATION	
5.1	Conclusion	42
5.2	Recommendation	43
REFERENCES		44
APPENDICES		49