



**UNIVERSITI TEKNOLOGI MARA,
JOHOR BRANCH, SEGAMAT,
JOHOR**

**GOLD PRICE PERFORMANCE
DURING FINANCIAL CRISIS:
EVIDENCE FROM MALAYSIA**

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LETTER OF SUBMISSION

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Dear Dr.,

SUBMISSION OF PROJECT PAPER

Attached is the research report titled "Economic Forces on Gold Price" to fulfil the requirement as needed by the Faculty of Business Management, Universiti Teknologi MARA.

Thank you.

Yours sincerely,



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AUTHOR'S DECLARATION

I declare that the work in this thesis was carried out in accordance with the regulations of Universiti Teknologi MARA Johor. 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 non-academic 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, regulating the conduct of my study and research.

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ABSTRACT

During the occurrence of financial crisis, investors will take gold as an underlying investment as gold are used as an instrument to hedge against inflation. To add, during an uncertainty of the economic condition, investors will flock to gold market as a protection of the uncertainty. The factors specifically influencing the gold price is unknown before, during and after the financial crisis. The main objective of this study is to examine the significant relationship between the economic factors with gold price before, during and after the financial crisis period in Malaysia. This study uses time-series data and OLS method. The period of the study encompass 9 years period which have include the year of 2004 to 2006 as the period before the financial crisis, the year of 2007 to 2009 as the period during the financial crisis and the year of 2010 to 2012 as the period of after the financial crisis. This study is conducted by using the monthly data basis. The sample data were sourced from Asia Regional Integration Center, Bloomberg Platform and International Monetary Fund. In this study, gold price is taken as the dependent variable. To measure the relationship towards gold price, interest rates, exchange rates, inflation rates and crude oil prices has been selected as the independent variables. From this study, exchange rates are found to have a negative significant relationship with gold price in the three crisis period which defines that exchange rates have an inverse relationship with gold price. As for after the financial crisis, inflation rates are found to have a positive significant relationship towards gold price while crude oil prices are found to have a significantly negative relationship with gold price.

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