



UNIVERSITI TEKNOLOGI MARA

**FACTORS THAT INFLUENCING PRICE OF
CRUDE PALM OIL FUTURES (FCPO) IN
MALAYSIA**

**NUR AMIRAH NADZIRAH BINTI MAT NASIR
2016668692**

**BBA (HONS) BUSINESS ADMINISTRATION
Finance**

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AUTHOR'S DECLARATION

I declare that the work in this final year project paper was carried out in accordance with the regulations of Universiti Teknologi MARA. 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.

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Name of Student : Nur Amirah Nadzirah Binti Mat Nasir

Student I.D. No. : 2016668692

Programme : Bachelor of Business and Administration (Hons)
Finance.

Faculty : Business and Management

Thesis : Factors That Influencing Price of Crude Palm Oil
Futures (FCPO) In Malaysia

Signature of Student :.....

Date : June 2018

ABSTRACT

In Malaysia, the price of crude palm oil has risen quite significantly since last few years. Like any other products and services, the volatility of the price are very influence by changes in the economic factors. This paper examines the factors that influencing price of crude palm oil (CPO) futures such as price of CPO, supply of CPO, domestic consumption of CPO, production of CPO and export of CPO. The observation of this research is 33 years which the data collected from 1985 to 2017 annually from the Data Stream and Internet sources. The methodology for the research used is the Multiple Regression Analysis. Multiple regression models are adopted in measuring about the relationships between the chosen variables. The result show there is strong relationship between price of CPO, supply of CPO and domestic consumption of CPO toward price of FCPO. The other finding shows there is a positive relationship between production and export of CPO toward price of FCPO in Malaysia. From the results of the study, some feasible recommendations are provided for the review of interested parties in order to enhance the predictive power of the movement of FCPO prices traded on the Bursa Malaysia Derivative Berhad's Futures Exchange.

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