



UNIVERSITI TEKNOLOGI MARA

**DETERMINANTS OF GOLD PRICE IN
MALAYSIA**

**NUR ADRIANNA BINTI MOHD KAMARUZAMAN
2015102523**

Final Year Project Paper submitted in fulfillment
of the requirements for the degree of
**Bachelor of Business Administration
(Finance)**

Faculty of Business and Management

December 2018

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.

I, hereby, acknowledge that I have been supplied with the Academic Rules and Regulations for Undergraduate, Universiti Teknologi MARA, regulating the conduct of my study and research.

Name of Student : Nur Adrianna Binti Mohd Kamaruzaman

Student I.D. No. : 2015102523

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

Faculty : Business and Management

Thesis : Determinants of Gold Price in Malaysia.

Signature of Student :

Date : December 2018

ABSTRACT

Gold has been used as money and most popular investment among all precious metal. Because of the special properties it could be used as a hedge against economic, political, social and currency. According to Wang (2013), gold is one of the hedging tools. In addition, gold investments are known as most protected form of speculation. Tun. Dr. Mahathir Mohamad become a first prime minister in encourage the use of gold dinar in international trade. Gold price is affected by macroeconomics factors such as crude oil price, inflation rate, exchange rate, Gross Domestic Product(GDP) (Wang,2013). Gold is the most valuable item and easy to carry and tangible item. According to Worthington and Pahlavani (2006), gold has attracted people since thousands of years ago until this day unlike most other commodities, gold is a metal that is durable, easy to carry as well as universally accepted and validated. The time series data are been using for this study. Moreover, multiple linear regressions are used in this research to investigate the relationship between dependent variable which is gold price and the independent variables which is inflation rate, exchange rate, gross domestic product and crude palm oil price. The main findings suggest that the gold price is determined by these variables. The findings for this study are exchange rates and crude oil price shows a positive significant relationship on the gold price while the inflation rate and gross domestic product shows a negative relationship on the gold price.

TABLE OF CONTENTS

	Page
AUTHOR'S DECLARATION	ii
ABSTRACT	iii
ACKNOWLEDGEMENT	iv
LIST OF TABLES	vii
LIST OF FIGURES	viii
CHAPTER ONE INTRODUCTION	1
1.1 Introduction	1
1.2 Research Background	1
1.3 Problem Statement	2
1.4 Research Questions	3
1.5 Research Objectives	3
1.6 Significance of the Study	3
1.7 Scope of Study	4
1.8 Limitation Of The Study	5
1.9 Summary	5
CHAPTER TWO LITERATURE REVIEW	6
2.1 Introduction	6
2.2 Gold Price	6
2.3 Inflation Rate	7
2.4 Exchange Rate	8
2.5 Crude Oil Price	8
2.6 Gross Domestic Product (GDP)	9
2.7 Research Framework	10
2.8 Summary	10

LIST OF TABLES

Tables	Title	Page
Table 4.1	Autocorrelation Test	24
Table 4.2	Heteroscedasticity Test	24
Table 4.3	Correlation Test	25
Table 4.4	Unit Root Test	26