

UNIVERSITI TEKNOLOGI MARA



**THE INFLUENCE OF PETROLEUM PRODUCTS CONSUMPTION
TOWARDS ECONOMIC GROWTH IN MALAYSIA**

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JANUARY 2021

ABSTRACT

Malaysia is one of the world's leading petroleum producing countries. Hence, petroleum products plays a vital part in economic growth. However, due to falling prices by the failure of the oil producer, Malaysia confronting an issues that may affect the gross domestic profit. Therefore, this study aims to examine the existence of co-integrated relationship between petroleum products and economic growth, also to determine the existence of causality of petroleum products consumption and economic growth in Malaysia. The study employs annual data covering the period 1980-2018. Tests for unit root, Johansen co-integration and Granger causality are presented. The overall results proved that at least five types of petroleum products co-integrated with economic growth. It is also been proved that there are unidirectional relationship between GDP and LPG, diesel and motor petrol. This means that most of petroleum products consumption have influence towards economic growth. Thus, Malaysia should endeavor more opportunities with the petroleum consumption to help the economic growth more in future.

ACKNOWLEDGEMENT

IN THE NAME OF ALLAH, THE MOST GRACIOUS, THE MOST MERCIFUL

First and foremost, praised and thanks to Almighty God for His blessing to ease our journey to complete this research by time. To our research supervisor, Madam Zuraida Jaafar we would like to express our deep and sincere appreciation for providing the knowledge to do the research as well as provide invaluable guidance. We were profoundly motivated by her dynamism, inspiration and vision. She taught us the methods to perform the research and presenting the research work as simple as possible. It was a true joy and honour to learn and work under her encouragement. We are deeply thankful for what she has taught us. Next, we would like to thank Dr Nurul Nisa' binti Khairol Azmi for her guidance during our research methodology class. We are immensely grateful for the devotion, prayers, care and sacrifices to our family for educating and preparing us for our future, and for continuing to assist us in completing this study. Also, we express our thanks to our friends for their support, sharing of knowledge and constant encouragement. Finally, our gratitude go to all the individuals who helped us completing the research work directly or indirectly.

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