



**UNIVERSITI TEKNOLOGI MARA**

**THE IMPACT OF  
MACROECONOMIC VARIABLES  
TOWARDS MANUFACTURING  
INDUSTRIES INDEX IN MALAYSIA**

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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.

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.

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## **ABSTRACT**

The manufacturing industries in Malaysia have been an important industry which the industry gives higher economic growth for the country. The purpose of this study is to identify the impact of macroeconomic variables towards manufacturing industries in Malaysia during period of 1980 until 2016. Therefore, it is important to understand the relationships between macroeconomic variables and manufacturing industries in Malaysia in order to battle with the adverse development of political and business climate. The variables used in this study are foreign direct investment, inflation rate, real exchange rate and broad money. The data were analysed using pooled ordinary Least square (Pooled OLS) to evaluate the relationships between the variables using EViews. From the empirical result, it is shown that all variables are positively influence towards manufacturing index. However, from the regression model, the studies found out that inflation rate and real exchange rate have positive significant relationship towards manufacturing index but FDI and BMNY have positive insignificance relationship towards manufacturing index. The study further anticipated the addition of supplementary variables to recover the strength and descriptive power of general model.

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