



UNIVERSITI TEKNOLOGI MARA

**MACROECONOMIC FACTORS THAT
INFLUENCE NET CONSUMPTION IN
MALAYSIA**

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Final Year Project Paper submitted in fulfillment
of the requirements for the degree of
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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

Malaysia is currently experiencing rapid economic growth, industrial development, and increase in number of population and changing in lifestyle. Therefore, consumers in Malaysia are able to raise their consumption level by acquiring good and services available in the market. However, a rise in real incomes, the accumulation of household assets and a preparedness to take on more debt have resulted in higher consumer spending on unrestricted items relative to basic necessities and people tend to save less. Besides, personal consumption expenditures in Malaysia, accounting for the largest share of gross domestic product (GDP), are the main generator of employment in the economy. Nonetheless, not surprisingly, job loss is often connected with a decline in consumption, which then reduces demand for other goods and services as part of a negative cycle of increasing unemployment and declining economic activity. Therefore, the main aim of the study is to identify macroeconomic factors such as gross domestic product, inflation rate, unemployment rate, net income and exchange rate that influence consumer consumption in Malaysia by using multiple linear regression models. Despite the fact, the objective of the current study is to determine the relationship between macroeconomic factors towards the net consumption in Malaysia. The data also collected from The World Bank and Data Stream. This study using 32 observations which cover for 32 years taken the period from 1983 to 2015. The research suggested that gross domestic product, inflation rate has positive significant relationship with consumer net consumption and net income perfect correlated with consumer net consumption. However, unemployment rate and exchange rate has negative significant relationship with consumer net consumptions.

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