



**THE DETERMINANTS OF GOLD PRICE
IN MALAYSIA**

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ABSTRACT

In recent years, global gold market has captured a lot of people attention and the price of gold is relatively higher than its historical trend. For people or parties that involved directly or indirectly in gold investment such as mining companies, they have to mitigate the risk and bear with uncertainty in gold price fluctuations. Subsequently, gold become a medium of hedging for future investment. In order to forecasting future price changes and to make a wise decision, investor or trader should have clear understanding regarding the factors that have a potential to influence the gold price. Thus, to comply with this situation, investors need to know the determinants that have possibilities to influence the price of gold in Malaysia in order to predict its movement in future. The purpose of this study is to determine the determinants that will affect gold price in Malaysia comprises 32 observations of the independent and dependent variables on a yearly time series data over 32 years period from year 1982 to 2013. The multiple linear regressions was used in this study to analyze the significant relationship between independent variable which are crude oil price, inflation rate, interest rate, and exchange rate towards dependent variable which is gold price. The findings suggested that Malaysia's gold price is determined by changes in crude oil price, inflation rate, interest rate and exchange rate towards gold price.

Keywords - Gold price, crude oil price, inflation rate, interest rate, and exchange rate

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