



ASSESSING DEMAND SIDE CONSIDERATIONS IN ITALY

**MUSYAFAWATI ANISYAH BINTI MUCHRANSAH
2013496082**

**BACHELOR OF BUSINESS ADMINISTRATION
(HONS) FINANCE
FACULTY OF BUSINESS MANAGEMENT
UNIVERSITI TEKNOLOGI MARA
SEGAMAT, JOHOR.**

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ABSTRACT

Italy is one of the advanced countries which developed country in the world. Developed country has high economic growth. The purpose of this study is to examine either the demand sides are gives the impact on Italy economic development where there is decrease or increase in demand side that will influences the economic growth of Italy. The econometrics model has been constructed by using the Ordinary Least Square (OLS) method in order to analyse the effect of demand side towards the economic growth of Italy. The regression analysis is carries out by using the linear and non-linear model. The data is collected by using the World Data System in World Bank and to achieve the objectives of this study there are four variables which is Gross Domestic Product (GDP), Consumer Price Index (CPI), Crude Oil Price (COP) and Interest Rate (IR). The data periods was collected for 30 years which covers from 1984 until 2014. This study is found the result of negative relationship between economic growth and the demand side on crude oil price (COP) and interest rate (IR) with significant of probability. The result indicates that there is a positive relationship between economic growth and demand side on consumer price index (CPI) which statistically significant for developing countries.

Key words: Italy, Economic growth, Consumer Price Index, Crude Oil Price, Interest Rate, OLS.

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