



THE DETERMINANTS OF EXCHANGE RATE IN MALAYSIA

MUHAMMAD AIZAT BIN JALIL

2017656754

BACHELOR OF BUSINESS ADMINISTRATION WITH HONORS (FINANCE)

FACULTY OF BUSINESS MANAGEMENT

UNIVERSITI TEKNOLOGI MARA KAMPUS BANDARAYA MELAKA

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Muhammad Aizat bin Jalil

Bachelor of Business Administration (Hons) Finance

Universiti Teknologi Mara Kampus Bandaraya Melaka

ABSTRACT

The depreciation of currency in Malaysia becomes a serious issue in economic condition. As a researcher I have made research about currency in Malaysia with the US Dollar day by day. The currency depreciation becomes an anxiety among people lately because it will affect their spending for daily life. The depreciation of currency also created a bad financial condition in economic scenario. The opinion of each analyst is different about this issue. Some of analyst considered that the currency depreciation due to the falling of global oil prices and some others considered because the currency in China depreciated. China is the second largest economic power after United State in the world. It can directly affects the value of the ringgit as Malaysia have very close economic ties with China. Malaysia-China trade relations between both countries already existed for 40 years and would have adverse effects in the Chinese economy and will affect the value of the Malaysian ringgit as well. Due this problem, the people also should take other alternatives to get over this issue in order to manage their financial as well. In order to get over this issue, the government should play the important roles to unsure that the currency in Malaysia will be back as normal. So, the purpose of this research is to examine what are actually the determinants that influencing the currency in Malaysia.

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