



**EXAMINING THE DETERMINANTS THAT AFFECT THE  
FOREIGN EXCHANGE RATE IN MALAYSIA**

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## **Abstract**

Recently, there is a major changes in Ringgit Malaysia (MYR) which is decreasing in value and it brings large effect in Malaysian economy. The aim of this study is to examine the relationship between inflation rate (IF), interest rate (IR), world crude oil price (OP) and term of trade (TOT) with the changes in foreign exchange rate (ER). This study utilized quarterly data collected from data stream software and trading economics website over the period of January 2010 – December 2017. Multiple Linear Regression model is used in order to do the empirical analysis using eviews software. The findings reveal that there is positive significant relationship between IF and ER in Malaysia while there is negative significant relationship between OP and TOT toward ER in Malaysia. However, the relationship between IR and ER in Malaysia is found negative insignificant.

## TABLE OF CONTENTS

	<b>Page</b>
ACKNOWLEDGEMENT	iv
LIST OF TABLES	vi
LIST OF FIGURES	vii
LIST OF ABBREVIATIONS	viii
ABSTRACT	ix
<b>CHAPTER 1</b>	
<b>INTRODUCTION</b>	
1.0 Introduction	1
1.1 Research Background	1
1.1.1 Exchange Rate History of Malaysia	2
1.1.2 Exchange Rate Regime	3
1.1.2.1 Before 1975	3
1.1.2.2 From 1975 to 1986	4
1.1.2.3 After 1986	4
1.2 Problem Statement	5
1.3 Research Objectives	8
1.4 Research Questions	8
1.5 Significance of the Study	9
1.6 Scope of Study	10
1.7 Limitations of the Study	11
1.8 Definition of Terms	11
1.8.1 Exchange Rate	11
1.8.2 Inflation	12
1.8.3 Interest Rate	12
1.8.4 Oil Price	12
1.8.5 Term of Trade	12

1.9	Research Structure	13
1.10	Conclusion	14
<b>CHAPTER 2</b>	<b>LITERATURE REVIEW</b>	
2.0	Introduction	15
2.1	Foreign Exchange Rate	15
2.2	Inflation	17
2.3	Interest Rate	20
2.4	World Crude Oil Price	22
2.5	Term of Trade	24
2.6	Theoretical Framework	27
2.7	Conclusion	27
<b>CHAPTER 3</b>	<b>RESEARCH METHODOLOGY</b>	
3.0	Introduction	28
3.1	Research Design	28
3.2	Data Collection Method	29
3.3	Background of Model	29
3.3.1	Multiple Linear Regression	30
3.4	Empirical Model	30
3.4.1	Multiple Linear Regression	30
3.4.1.1	Model 1: TOT, IF, IR, OP – FOREX	31
3.4.2	F-Test Statistic	33
3.4.3	T-Test Statistic	33
3.5	Hypothesis Statement	34
3.6	Data Analysis	35
3.6.1	Unit Root Test	35
3.6.1.1	Augmented Dickey-Fuller (ADF) Test	36
3.6.1.2	Philip-Perron (PP) Test	36
3.6.2	Normality Test	36