



DETERMINANTS OF INFLATION IN MALAYSIA

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ABSTRACT

The aim of this study is to investigate the impact of certain factors toward the inflation rate in Malaysia. The selected factors or variables are the interest rate, gross domestic products, unemployment rate and the exchange rate from a period of 2004 till 2017 and the data are quarterly with the observation of almost 50 and the dependent is the inflation rate. The relationship is examined by an analysis from the collected data of the World Bank Database. Both single linear regression and multiple linear regression are used to identify the relationship between the dependent and independent variables. From the data collected, the study shows that interest rate is the only positive and significant while the exchange rate is of negative relationship along with gross domestic product however unemployment rate is a negatively insignificant relationship with the inflation rate. This show that the interest rate, exchange rate and gross domestic product have an influence toward inflation rate while unemployment rate do not give a significant impact toward inflation rate in Malaysia. This relationship that was discovered should be useful towards the public, industries and policy makers as well.

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