



**THE RELATIONSHIP BETWEEN SELECTED MACROECONOMIC
VARIABLES AND GOLD PRICE: EVIDENCE FROM MALAYSIA**

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ABSTRACT

The gold related research had been highlighted in the recent years due to the sharp increasing trend of gold price since 2005. Besides, the important characteristics of gold hedge against certain uncertainty of economic condition such as high inflation rate had made gold served as an important investment tools in the market. This research paper aims to investigate the four keys influencing variables affecting gold price such as Crude Oil Price (COP), Consumer Price Index (CPI), Exchange Rate (EXC) and Unemployment Rate (UNR). Monthly data for all the variables were collected from the period of 1st January 2007 to 31st December 2016. Multiple Linear Regressions model (MLR) was constructed to investigate the relationship between independent variables and gold price by using Ordinary Least Square procedure. The study findings showed there were positive relationship between Consumer Price Index (CPI) and gold price in Malaysia. On the other hand, the negative relationship could be observed between Crude Oil Price (COP), Exchange Rate (EXC) and Unemployment Rate (UNR) against gold price in Malaysia. A more comprehensive model could be provided in this study by capturing various factors into consideration. This framework contributed to a better understanding of which factors could significantly affecting gold price. In addition, financial planners were provided with better decision aid in the investment strategy.

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