# THE DETERMINANTS OF CURRENCY CRISIS IN MALAYSIA

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**Abstract**

The aim of this research is to verify the determinants of currency crisis in Malaysia. This research will show the result of whether foreign direct investment, gross domestic product, government spending and import have a relationship with exchange rate. All the data was collected from the global economy and economy trading from year 1970 to 2013 with annually basis. In order to achieve the objective, Pearson correlation, an ordinary least square, unit root test, stationary test and Johansen Cointegration test method is applied. Findings from the study shows that exchange rate (ER) has been rejected on cointegration test but others like foreign direct investment (FDI), gross domestic product (GDP), government spending (GS) and import (IMP) is acceptable hypothesis. The data use for research is time series and use in Malaysia Ringgit currency.

Keyword: Exchange rate (ER), foreign direct investment (FDI), gross domestic product (GDP), government spending (GS) and import (IMP).