UNIVERSITI TEKNOLOGI MARA

ANALYSIS OF MACROECONOMIC DETERMINANTS OF EXCHANGE RATE IN MALAYSIA

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ABSTRACT

The purpose of this study is to examine the analysis of macroeconomic determinants of exchange rate in Malaysia. The researcher had revised the independent variable and had chosen inflation (INF), gross domestic product (GDP), gross national saving (GNS) and current account balance (CAB) as an independent variables and dependent variables is exchange rate (ER). The researcher has achieved the main objective from the research of analysis of macroeconomic determinants of exchange rate in Malaysia. The objective is to identify whether inflation, gross domestic products, gross national saving and current account balance are significant or not significant in affecting exchange rate in Malaysia. The regression method is used time series data which include 38 years observation starting from 1980 to 2017. The result show the inflation, gross domestic product and gross national saving 3 of 4 independent variables has significant relationship with exchange rate. In other hand, current account balance as independent variables has not significant relationship with exchange rate.

Keywords: exchange rate, inflation, gross domestic product, gross national saving, current account balance