



DETERMINANTS OF GOLD PRICE IN MALAYSIA

NURUL AMIRA BINTI MOHD AZUAN

2016596035

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ABSTRACT

This study examines the relationship between three macroeconomic variables and gold price in Malaysia from January 2011 until December 2015 which contains monthly set of data of 60 observations. This research was conducted by way of quantitative research method by utilizing the secondary data collected from Thomson Reuters Eikon and Index Mundi. According to president of Malaysian Indian Goldsmiths and Jewelers Association, the price of gold hit a low point in 2014, dropping from RM180 per gram to RM130 per gram. This research employs Ordinary Least Square (OLS) to determine statistical relationship. From the result, it is found that exchange rate and crude oil price were determined to have a positive relationship with gold price. However, inflation has a negative relationship with gold price. Finding shows that exchange rate is the most significant factor in influencing the gold price in Malaysia. In meanwhile, the other variable such as inflation and crude oil prices indicate the expected significant.