



**THE STRUCTURE OF MONEY, INTEREST RATE AND
OUTPUT: VAR MODEL OF MALAYSIAN ECONOMY**

**SUBMITTED IN PARTIAL FULFILLMENT OF THE
REQUIREMENTS OF BBA (HONS) BUSINESS ECONOMICS**

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ABSTRACT

Economic growth can be evaluated based on GDP or GNP of a country. Macroeconomic model involved in this study which is GDP, Consumption, Monetary aggregate and interest rate are investigated to show the structure in impulse response. The data collected from the BNM Catalogue Bulletin and Department of Statistic from 1991 until 2010 which consist of 80 observations. Several procedures have been done to obtain the evidences. First at all, the stationary must be checked so that next procedure can be continued. Secondly, the cointegration test based on Johansen and Juselius has been conducted to investigate the long run relation between the variables. It was found that, there are two cointegrating relationship between the variables which contributing to economic growth. Increase in GDP will promote to increase in economic development. Causality test based on Granger Causality has been tested to find the unilateral relationship among the variables. Lastly, impulse response gives the positive long run effect from consumption, M1 and Treasure Bill toward economic growth.

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Dear Sir,

SUBMISSION OF RESEARCH PAPERS

The above matter refers

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