



**UNIVERSITI TEKNOLOGI MARA**

**THE MACROECONOMICS FACTORS THAT INFLUENCED  
THE PRICE OF CRUDE PALM OIL (CPO) IN MALAYSIA**

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Final Year Project submitted in fulfilment of  
the requirements for degree of  
Bachelor of Business Administration (Hons)  
Investment Management

**Faculty of Business and Management**

**AUGUST 2022**

## **ABSTRACT**

The aim of this paper is to study the macroeconomics factors that influence the price of Crude Palm Oil in Malaysia. The crude palm oil industries play its role in the Malaysia economy in many ways. The annual data is gathered from January 2020 to February 2022. The data is collected from the Malaysian Palm Oil Council and others reliable sources. The price of Crude Palm Oil in Malaysia has been selected as the dependent variables in this study. There are four independent variables that researcher uses in this paper which export, inflation rate, employment rate, and exchange rate. The data was collected monthly basis an over the period from January 2020 to February 2022. Multiple linear regression model is also use in this study examine the significant relationship of a dependent variable with any other independent variables. Besides, Normality was used to test whether the data is normally distributed or not normally distribute. From the findings we can see only employment rate is significant in this study, meanwhile, the other three variables; export, inflation rate and exchange rate is not significant.

## **ACKNOWLEDGEMENT**

In the name of Allah, the Most Beneficent and Most Merciful who gave us strength and blessing to complete this research methodology project successfully. This project is a part of our Investment Management course on subject, Industrial Training Project Paper (INV667). As a result, the team would like to extend its gratitude to a few well-known persons who have assisted me in the completion of this study both directly and indirectly. Without them, I would not have been able to accomplish our goals. Everything I've accomplished has been possible thanks to their direction and assistance, and I'd like to express my gratitude.

First of all, I would like to express sincere gratitude my advisor and research supervisor, Encik Mohd Khairul Ariff Noh and also to Madam Yuslizawati Mohd Yusoff, who has guided, advised, commented and assist me in any matters regarding the research. process. I'm excited to learn and discover new information from them in order to complete this study. Furthermore, I'm grateful to everyone who has supported and assisted me throughout this study effort. In addition, I would like to express its gratitude to our parents, classmates, and everyone else who helped me accomplish the research methodology project by sharing a wealth of knowledge, ideas, and support.

Finally, Thanks again to Encik Mohd Khairul Ariff Noh and Madam Yuslizawati Mohd Yusoff as my research project coordinator. They always remind me and keeps updating the latest information. I appreciate them sacrifice to help us in order to do this research with smoothly. Hopefully, the contributions made from the beginning to the completion of this research project have been worthwhile.

Thank you & Regards

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## **CHAPTER ONE**

### **INTRODUCTION**

#### **1.1 Introduction**

This chapter aims to study the macroeconomics factors that influenced the price of crude palm oil's (CPO) in Malaysia. This article will include a brief overview of the study's structure, problem statement, research questions, research aims, the scope of the investigation, the significance of the study, and limitations, as well as a synopsis of this chapter's section.

#### **1.2 Background of Study**

Crude palm oil has become one of the most traded oils globally due to population expansion, increasing living standards, needs for food and non-food resources, and renewable energy. This is the reason why palm oil price has become one of the most important income contributors as Malaysia is generating income from many other sources. Malaysia is the world's second-largest palm oil producer and exporter and recently the price of crude palm oil got fluctuation from month to month after pandemic phase and got a lot of attention from researchers to study what the influence that determinants the price of crude palm oil in Malaysia. The goal of the proposal is to look into the potential benefits of macroeconomic factors that influence crude palm oil price, which is currently being discussed.

#### **1.3 Problem of Statement**

Recently, the demand for CPOs is high nowadays. However, this palm oil industry has just begun to boost its derivatives market in Malaysia. The price of CPO currently is rising after the COVID-19 outbreak occurred and how long it will last and that makes researchers investigate whether it has affected the price of crude palm oil due to the consumer price index (CPI) is also increasingly using a monthly data basis. In addition, a week value of Malaysia Ringgit (MYR) compare to US Dollar (\$) plays a more dominant role in affecting palm oil price. The outbreak of COVID-19 really gave an impact to the macroeconomics variables. Therefore, a rise in the price of oil may result in a rise in the price of finished goods. The effect