



**DETERMINANTS OF HOUSEHOLD CONSUMPTION IN
MALAYSIA**

NUR AZYHANA BINTI SULIMAN

2016564697

NORAISHAH BINTI ABDUL GHANI

2016566145

**BACHELOR OF BUSINESS ADMINISTRATION WITH
HONOURS IN FINANCE**

FACULTY OF BUSINESS MANAGEMENT

MARA UNIVERSITY OF TECHNOLOGY

MALACCA CITY CAMPUS

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Abstract

This study examined on the relationship and effect of household consumption on gross domestic product (GDP), exchange rate (REXR), inflation rate (CPI), interest rate (RINT) and unemployment rate (UE) in Malaysia. This research used a time series data which is from 1987 until 2017. Secondary sources of data for all variables have been used and utilized data are extracted from one resource only that is World Bank Data. All of the data were analysed using EViews10's through Ordinary Least square (OLS) regression technique and Multiple Linear regression. Based on the results among all the variables have been studied, to concluded, there are only two variables such exchange rate (REXR) and unemployment rate (UE) have a significant negative relationship on household consumption. Inflation rate (CPI) and interest rate (RINT) insignificant negative relationship on household consumption. Therefore, unemployment rate is the most significant variable that influence on household consumption in Malaysia.

Keywords: household final consumption expenditure, gross domestic product, exchange rate, inflation rate, interest rate, unemployment rate