

**THE RELATIONSHIP BETWEEN SELECTED MACROECONOMIC
FACTORS AND GOLD PRICE IN MALAYSIA**

BY

MUHAMAD KHAIRUL ANUAR BIN SUKRI

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KUALA LUMPUR

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of Business Administration in the Faculty of Business and Accounting**

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Declaration

I, hereby declare that this thesis is my own work and effort and that it has not been submitted anywhere for any award. Where other sources of information have been used, they have been acknowledged accordingly.

Signature: 

Date: 1/12/2015

Name: Muhamad Khairul Anuar bin Sukri

Approval

We have examined this manuscript and verify that it meets the programme and University requirement for the Master of Business Administration.

Name of Supervisor: Nor Hazila binti Mohd Zain

Name of Faculty: Faculty of Business and Accounting

IUKL

Name of Internal Examiner: Prof. Dr. Zulkifli Abdul Hamid

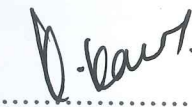
Name of Faculty: Faculty of Business and Accounting

IUKL

Name of Internal Examiner: Sia Ah Lang @ Sia Beng Yen

Name of Faculty: Faculty of Business and Accounting

IUKL



KAMALJEET KAUR
Director
Centre for Postgraduate Studies
Infrastructure University Kuala Lumpur

Kamaljeet Kaur

Director of Postgraduate Studies

IUKL

Date: 11/12/2015

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KAMALIEET KAUH
Director
Centre for Postgraduate Studies
Infrastructure University Kuala Lumpur

Abstract

This paper aims to study the relationship between selected macroeconomic factors and gold price in Malaysia. Among macroeconomic factors (independent variables) for this study which are crude oil prices, ringgit currency exchange rate, real Malaysian Gross Domestic Product (GDP), and Malaysian inflation rate in quarterly period from year 2005 to year 2014. The objectives of this study are to determine the relationship between each of the independent variables to the Malaysia gold prices (Kijang Emas). This study used Multiple Linear Regressions (MLR) to determine macroeconomic factors affecting the gold price in Malaysia and Correlation coefficient to analyse the relationship among variables and all the data were analysed by using SPSS 20 software. Result shows a positive significant relationship between crude oil price and gold price. Although, there is a negative significant relationship between Malaysian ringgit currency exchange rate and the gold price. The result between Real Malaysian GDP shows a positive significant relationship with low impact on the gold price. The inflation rate shows a negative significant relationship and no effect to the gold price in Malaysia.

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CHAPTER ONE

INTRODUCTION

1.0 Introduction

Gold is a good investment that is neither short-term nor long-term. Gold is an asset that comes out from the nature and its element includes atomic number 79. The name 'gold' comes from an old English name that means; "yellow colour". Gold has been identified in the past 40 thousand years before century. The history began with the discovery of gold in the form of flakes in Spain. At that time, gold coins were used by ancient men named "Paleolithic Man". Some researcher says that the first gold is discovered by the Ancient Egyptians around 3000 years before century.

One of the privileges of gold is that it is considered valuable by the entire human race. It is also a great asset that can be converted into paper money. No other assets can match the liquidity of gold. Gold holders can convert their gold into money anytime they want. It not only can be diluted in Malaysia, but also can be diluted anywhere as it is accepted by other people around the world. Gold is a valuable item that is easy to handle and is a tangible value item. According to Worthington, and Pahlavani (2006), gold has attracted people since thousands of years ago until this day because unlike most other commodities, gold is a metal that is durable, easy to carry, as well as universally accepted and validated.

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