



DETERMINANTS OF BOND MARKET DEVELOPMENT IN MALAYSIA

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BACHELOR OF BUSINESS ADMINISTRATION (HONS) FINANCE

FACULTY OF BUSINESS MANAGEMENT

UNIVERSITI TEKNOLOGI MARA

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JULY 2018

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Submitted in Partial Fulfilment of the
Requirement for the
Bachelor of Business Administration (HONS) Finance

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JULY 2018

DECLARATION OF ORIGINAL WORK



BACHELOR OF BUSINESS ADMINISTRATION
WITH HONOURS (FINANCE)
FACULTY OF BUSINESS MANAGEMENT
UNIVERSITI TEKNOLOGI MARA
“DECLARATION OF ORIGINAL WORK”

I, Farissa Alyna Binti Abdul Malek, (I/C Number: 950811-10-6052)

Hereby, declare that:

- This work has not previously been accepted in substance for any degree, locally or overseas, and is not being concurrently submitted for this degree or any other degrees.
- This project-paper is the result of my independent work and investigation, except where otherwise stated.
- All verbatim extracts have been distinguished by quotation marks and sources of our information have been specifically acknowledged.

Signature: _____

Date: _____

(Farissa Alyna Binti Abdul Malek)

LETTER OF SUBMISSION

5th JULY 2018

Miss Nurhaslinda Binti Hashim,
Bachelor of Business Administration (Hons.) Finance
Faculty of Business Management
Universiti Teknologi Mara (UiTM)
Cawangan Melaka Kampus Bandaraya
75300 Melaka

Dear Miss,

Submission of Final Project Paper

Attached is the project paper titled “**Determinants of Bond Market Development in Malaysia**” to fulfil the requirement needed by the Faculty of Business Administration, Universiti Teknologi MARA (UiTM).

Thank You.

Sincerely,

Farissa Alyna Binti Abdul Malek

Bachelor of Business Administration (Hons.) Finance

ABSTRACT

This study is on determinants of bond market development in Malaysia. It analyses the relationship between the economic size (GDP), trade openness (O), interest rate volatility (INTVOL), exchange rate variability (FXVOL), and size of banking system (BC). This study covers about the bond market development and is focused on what are the determinants that contributes to the bond market development. This study has chosen Malaysia to be focused on and the data is taken quarterly from the year 2008 to 2017. 40 observations were used in this study. Both single linear regression and multiple linear regression were used in this study to see the relationship between the independent variables and dependent variable. The problem that is pointed out in this study is regarding the foreign holdings which is worrying as it fell tremendously in late 2016 and started to fluctuate ever since. From this study, it is found that trade openness (O), exchange rate variability (FXVOL), and size of banking system (BC) has a significant relationship with bond market development (Y) while economic size (GDP) and interest rate volatility (INTVOL) has an insignificant relationship with bond market development (Y).

Keywords: Bond market development, economic size, trade openness, interest rate volatility, exchange rate variability, size of banking system