



**A STUDY ON THE FACTORS  
EFFECTING YIELD SPREAD OF 10 YEARS  
MALAYSIAN GOVERNMENT SECURITIES**

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# **DECLARATION OF ORIGINAL WORK**



**BACHELOR OF BUSINESS ADMINISTRATION (HONS) FINANCE  
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## **“DECLARATION OF ORIGINAL WORK”**

**I, MOHD AMIN BIN ABDULLAH (I/C Number: 860217-03-5221)**

Hereby, declare that;

- This work has not previously been accepted in substance for any degree, locally or overseas and 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 my information have been specifically acknowledged.

Signature:

Date: April 2011

# **LETTER OF SUBMISSION**

April 2011

Madam Noraizan Mohamed  
The Head of Program  
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Dear Madam,

## **SUBMISSION OF PROJECT PAPER**

Attached is the project paper titled "A STUDY ON THE FACTORS EFFECTING YIELD SPREAD OF 10 YEARS MALAYSIAN GOVERNMENT SECURITIES" to fulfill the requirement as needed by the Faculty of Business Management, Universiti Teknologi MARA.

Thank you.

Yours sincerely,

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## **ABSTRACT**

This study tries to investigate the factor that will contribute to the changes of yield spread Malaysian Bond Market. The quarterly 10 years Malaysian Government Securities (MGS10) bond yield, Gross Domestic Product (GDP), Interest rate and Consumer Price Index (CPI), running from first quarter 2007 until fourth quarter 2010 are collected and Multiple Linear Regression Model are used in this investigation. The results from models reveal that there is significant relationship between macroeconomic factors and 10 years Malaysian government securities bond yield. MGS10 bond yield are positively affected with GDP and CPI and react negatively with the Interest rate. The findings in this investigation are useful for market participants, investors, professional portfolio managers, government agencies and financial literature who are concerned with the bond yield in Malaysia Bond market.

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