

UNIVERSITY OF TECHNOLOGY MARA

FINAL YEAR PROJECT

**THE EFFECT OF MACROECONOMIC VARIABLES ON
PUBLIC DEBT IN ASEAN COUNTRIES**

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AUTHOR’S DECLARATION

I declared that the work in this final year project paper was carried out in accordance with the regulations of Universiti Teknologi MARA. It is original and is the results of my own work, unless otherwise indicated or acknowledged as referenced work. This report of final year project has not been submitted to any other academic institution or non-academic institution for any degree or qualification.

I, hereby, acknowledge that I have been supplied with the Academic Rules and Regulations for Undergraduate, Universiti Teknologi MARA, regulating the conduct of my study and research.

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ABSTRACT

This study analyzed the relationship of Public debt on macroeconomics variables and it showed how those factors affecting the public debt. This study investigates the effect of public debt on Macroeconomics variables in Eight ASEAN countries which is Malaysia, Indonesia, Thailand, Vietnam, Singapore, Brunei, Philippines, and Myanmar. The data collected from 2004 to 2018 and the macroeconomics variables are Gross Domestic Product (GDP), Foreign direct investment, Inflation Rate, Trade Openness, and Inflation on the public debt in ASEAN countries. Next, method is use in these studies diagnostic testing, panel unit root testing, multicollinearity, heteroskedasticity and autocorrelation test. While, result of Hausman Test we choose fixed effect model the appropriate panel data estimator for baseline model. In addition, Results obtained from this research shows that trade openness and inflation are highly significant and negative relationship on public debt while other variables which is foreign direct investment, gross domestic product and interest rate are not significant but has positive effect on public debt.

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