UNDERSTANDING THE IMPACT OF MACROECONOMIC FACTORS TOWARDS HOUSEHOLD DEBT IN MALAYSIA

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DECLARATION OF ORIGINAL WORK

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Signature: HELISA JULIUS LIUS Date: 10/12/2019

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ABSTRACT

The purpose of this study is to identify the factors that influence household debt in Malaysia via time series data. This study will employ the time series, Diagnostic Test and Ordinary Least Test method and the macroeconomic variables used consists of house price index, interest rate, gross domestic product, unemployment rate and consumer price index as independent variable taken from first quarter 2011 to fourth quarter 2018. The result revealed that house pricing index show positive relationship with household debt, which indicates that the rise of household debt is determined by the rise of house price index. However, interest rate, gross domestic product, unemployment and consumer price index are found to have negative effects on the rise of household debt. The data are taken from Bank Negara Malaysia report, National Property Information Centre (NAPIC) and Department of Statistics Malaysia (DoSM). This study could provide some guidance to the academicians and policy makers in controlling the mounting debt level and may help in realizing the nation economic nowadays.