



**PRE AND POST PEGGING EFFECT TOWARDS
ECONOMIC VARIABLES: THE CASE OF
MALAYSIA AND CHINA**

SUHAILY BTE ABDUL HAMID

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**FACULTY OF BUSINESS MANAGEMENT
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ABSTRACT

In this project paper, it studies on the effect of pre and post pegging period towards economic variables for the case of Malaysia and China. The objective of this study is to determine the pre and post pegging effect towards economic variables in Malaysia and China. The economic variables that will be used are including gross domestic product (GDP), interest rate and inflation rate.

In this study, the methodology that will be used is Independent t-Test as the need to compare the mean between pre pegged and post pegged period. The findings show that, there is a significant difference of Malaysia's GDP, China's GDP and China's interest rate at pre and post pegged period. In addition, the result from Independent t-Test shows that there is no significant difference for Malaysia's interest rate, Malaysia's inflation rate and also China's inflation rate at pre and post pegged duration.

During post pegging periods, there is positive sign in the condition for gross domestic product (GDP) for both countries which is Malaysia and China. During However the performance of inflation rate shown an indifferent changes for Malaysia and China.

CHAPTER 1

INTRODUCTION

1.0 BACKGROUND OF THE STUDY

Asian financial crisis which occurred in 1997 had gave great impact throughout the world especially to the Asian countries including Malaysia, China, Thailand, Philippines, Hong Kong, South Korea and others Asian countries. It had contributed to the significant changes on the performance of the economy to the country affected including rising in interest rate, high inflation rate, rising in job unemployment and retrenchment. The crisis had caused considerable economic distress in the affected countries in which their currencies value depreciated and reducing more institutions into insolvency. Malaysia and China had experienced a challenging and competitive duration in their economic development since during and after financial crisis which it is also showed the performance and movements of Gross Domestic Product (GDP), interest rate and inflation rate as the effect from pre and post pegging.

In this study, I will analyzes and compares the experiences and performances of Malaysia and China regarding the effect of the pre and post pegging towards macroeconomic variables in perspective on which countries did better in their economic performance in pre and post pegging periods, whether Malaysia or China.