

**A STUDY ON THE PERFORMANCE OF  
BALANCE OF TRADE (BOT)  
OF MALAYSIA**

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**ADVANCED DIPLOMA IN BUSINESS STUDIES  
(FINANCE)**

**A PROJECT PAPER SUBMITTED TO  
INSTITUT TEKNOLOGI MARA IN PARTIAL FULFILLMENT  
FOR ADVANCED DIPLOMA IN BUSINESS STUDIES (FINANCE)**

**DATE OF SUBMISSION:**

**7 NOVEMBER 1994**

## ACKNOWLEDGEMENTS

I would like to take this great opportunity to express my gratitude and appreciation to those who have helped me in preparing this project paper.

First and foremost, my gratitude and appreciation to my advisor, Mr. P. J. Atchiah for his invaluable advice, guidance, encouragement and criticism which greatly influence the quality of this study.

My appreciation also goes to the staff of Bank Negara Malaysia's and ITM's library for their assistance and accessible of important information in forming this project paper a success. My hearty thanks also goes to Dr. Rokiah Hassan, Course Tutor of ADBS (FIN), for her valuable advice throughout the preparation of this project paper. And also my special thanks to my friends especially Cik Armanita and Cik Inafariza for their grateful help.

Finally to my beloved family, who have encouraged me from the beginning, in every possible way.

Thank you.

## ABSTRACT

This project paper presents a performance of Malaysia's Balance of Trade (BOT) as well as the external trade\* for the past 15 years (1979-1993). It encompasses the performance of exports, imports, major trading partners and direction of trade. The study shows that Malaysia performed well in external trade. For the same 15 years period, manufacturing sector has grown rapidly as a result of increased imports from trading partners especially Japan. In the second part of the study, various factors affecting Balance of Trade (Malaysia) were examined by using regression analysis. It was found that income, money supply, inflation, GDP and previous year's Balance of Trade (BOT) were not significant in explaining the Balance of Trade (BOT). It means that there are other factors might influence the Balance of Trade (BOT) such as foreign exchange risk.#

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\* refers to merchandise trade only.

# Foreign exchange risk refers to the volatility of the foreign exchange rate.

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