RELATIONSHIP OF GOVERNMENT EXPENDITURE AND STOCK MARKET TOWARDS DEBT IN SINGAPORE, MALAYSIA AND PHILIPPINES

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Abstract

The main purpose of this study is to identify the relationship between government expenditure and stock market towards debt in Singapore, Malaysia and Philippines. To conduct the study, annual panel data obtained from year 2000 until 2011 which include 33 balanced panel observations for Malaysia, Singapore, and Philippines. A Hausman Test is used in order to identify a suitable model for this study whether it is random effect model or fixed effect model. Hausman test also can identify the relationship among dependent variable and independent variables. For this study, Random effect model is chosen and regress again to obtain the findings. The results show that government expenditure has a positive relationship towards debt meanwhile stock market shows negative relationship towards debt. Stock market variable is the most significance towards explaining debt but for overall regression, the overall variable is significance to explain dependent variable.

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