



THE DETERMINANTS OF BALANCE OF TRADE IN CHINA

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**BACHELOR OF BUSINESS ADMINISTRATION WITH HONOURS (FINANCE)
FACULTY OF BUSINESS MANAGEMENT
UNIVERSITI TEKNOLOGI MARA**

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Submitted in Partial Fulfillment of the
Requirement for the
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FACULTY OF BUSINESS MANAGEMENT
UNIVERSITI TEKNOLOGI MARA
BANDARAYA MELAKA

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DECLARATION OF ORIGINAL WORK



BACHELOR OF BUSINESS ADMINISTRATION

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“DECLARATION OF ORIGINAL WORK”

I, NURERINA ZAHIRAH BINTI ZAINALABIDIN, (I/C NUMBER: 940723-87-5004)

Hereby, declare that:

- This work has not previously been accepted in substance for any degree, locally, overseas, and is not being currently submitted for this degree or any other degrees.
- This project - paper is the result of my independent work and investigation, except where otherwise stated.
- All verbatim extracts have been distinguished by quotation marks and sources of my information have been specifically acknowledged.

Signature: _____ Date: _____

LETTER OF SUBMISSION

JANUARY 2018

HEAD OF PROGRAMME

Faculty of Business Management
Universiti Teknologi MARA (Kampus Bandaraya Melaka)
75300, Melaka

Dear Sir/Mdm,

SUBMISSION OF PROJECT PAPER

Attached is the project paper titled “**DETERMINANTS OF BALANCE OF TRADE IN CHINA**” to fulfil the requirement as needed by the Faculty of Business Management Universiti Teknologi MARA

Thank you
Yours Sincerely,

NURERINA ZAHIRAH BINTI ZAINALABIDIN SEBLI
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ABSTRACT

Using yearly data over the period 1976 - 2016, this study examine the China's Balance of Trade by using several macroeconomic variables which are real exchange rate (REER), consumer price index (CPI), domestic income (DOMINC), foreign direct investment (FDI) and inflation rate (INF).

The study introduces about the nature of balance of trade and what affects the balance of trade. The study also uses time series with observation of 41. The objective of the study is also to examine the relationship between the balance of trade and the independent variables which are real exchange rate (REER), consumer price index (CPI), domestic income (DOMINC), foreign direct investment (FDI) and inflation rate (INF). The study will examine the relationship whether it will give impact to the independent variable, significantly or insignificantly.

Empirical results shows that real exchange rate is negatively insignificant, consumer price index is negatively insignificant, domestic income as positively significant, foreign direct investment is negatively insignificant and inflation rate to be positively significant.