



**EXAMINING THE FACTORS INFLUENCE BOND
MARKET PERFORMANCE IN MALAYSIA**

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2015141553

**BACHELOR OF BUSINESS ADMINISTRATION
WITH HONOURS (FINANCE)
FACULTY OF BUSINESS MANAGEMENT
UNIVERSITI TEKNOLOGI MARA
CAWANGAN MELAKA
KAMPUS BANDARAYA**

JULY 2018

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Submitted in Partial Fulfillment of the
Requirement for the
Bachelor of Business Administration with Honours (Finance)

FACULTY OF BUSINESS MANAGEMENT
UNIVERSITI TEKNOLOGI MARA
CAWANGAN MELAKA
KAMPUS BANDARAYA

JULY 2018

DECLARATION OF ORIGINAL WORK



**BACHELOR OF BUSINESS ADMINISTRATION
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UNIVERSITI TEKNOLOGI MARA
“DECLARATION OF ORIGINAL WORK”**

I, Muhammad Syukri Bin Mohd Jefri, (I/C Number: 950405-14-6331)

Hereby, declare that:

- This work has not previously been accepted in substance for any degree, locally or overseas, and is not being concurrently 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 our information have been specifically acknowledged.

Signature: _____

(Muhammad Syukri Bin Mohd Jefri)

Date: _____

LETTER OF SUBMISSION

JULY 2018

Miss Nurhaslinda Binti Hashim,
Bachelor of Business Administration (Hons.) Finance
Faculty of Business Management
Universiti Teknologi Mara (UiTM)
Cawangan Melaka Kampus Bandaraya
75300 Melaka

Dear Miss,

Submission of Final Project Paper

Attached is the project paper titled “**Examining the Factors Influence Bond Market Performance in Malaysia**” to fulfill the requirement needed by the Faculty of Business Administration, Universiti Teknologi MARA (UiTM).

Thank You.

Sincerely,

Muhammad Syukri Bin Mohd Jefri
Bachelor of Business Administration (Hons.) Finance

ABSTRACT

This study investigates the factors that influence bond market performance in Malaysia by analyzing the relationship between bond market performance that is measured by government bond price 10Y (BP), maturity of bond (N), interest rates (R), inflation rate (I) and bond yields (YTM). This study covers the Malaysian bond market in which Malaysia government decides to make the bonds as priority in the market and become the main sources for long term financing due to the Asian financial crisis that has been occurred in year 1997 (Fabella & Madhur, 2003). Besides, this study chose Malaysian government bond as the financial data from the year 2010 to 2017 were used 32 observations for this study. A multiple linear regression analysis was executed in this study to see the relationship between dependent and independent variables. The dependent variable is bond market performance and is measured by government bond 10Y price (BP), whereas the independent variables are maturity of bond (N), interest rate (R), inflation rate (I) and bond yield (YTM). As a result this study found inflation rate (I) and bond yield (YTM) have significant positive and the other one which is at significant negative impact on bond market performance while maturity of bond (N) and interest rates (R) both has positive and insignificant effect on bond market performance.

Keywords: Government bond price 10Y, maturity of bond, interest rate, inflation rate, bond yields.