

**UNIVERSITI TEKNOLOGI MARA**

**THE RELATIONSHIP OF MACROECONOMIC  
INDICATORS ON EXTERNAL DEBT IN  
MALAYSIA**

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Final Year Project Paper submitted in fulfillment  
of the requirements for the degree of  
**Bachelor of Business Administration  
(Investment Management)**

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## **AUTHOR'S DECLARATION**

I declare that the work in this final year project paper was carried out in accordance with the regulations of Universiti Teknologi MARA. It is original and is the results of my own work, unless otherwise indicated or acknowledged as referenced work. This thesis has not been submitted to any other academic institution or non-academic institution for any degree or qualification.

I, hereby, acknowledge that I have been supplied with the Academic Rules and Regulations for Undergraduate, Universiti Teknologi MARA, regulating the conduct of my study and research.


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## **ABSTRACT**

External debt can be refer as taking monetary aids from a foreign country or institution. External debt become the major sources of financing that government will rely on in order to accomplish the development or other public objectives and also to correct economic instabilities. As a developing country that take monetary aids like Malaysia, should develop a sound financial plan. Currently, external debt in Malaysia is recorded in Trading Economy Website has increased since 2009 until 2017. This study analyses the relationship of macroeconomic indicators on external debt in Malaysia from year 2010 to year 2017. By obtaining quarterly data for 8 years which is from year 2010 to year 2017, this study is using Ordinary Least Square method. This study consists of External Debt as dependent variable and macroeconomic indicators which is Gross Domestic Product, Exchange Rate, International Reserves and Terms of Trade as independent variables. The result of this study reveals that there is positive significant relationship for exchange rate and international reserves. However, there is positive insignificant relationship for gross domestic product and terms of trade on external debt. This study can also contribute as references for future research on the external debt which their result of the study may be more accurate.

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