

UNIVERSITI TEKNOLOGI MARA

**MACROECONOMIC FACTORS AFFECTING
MALAYSIA'S DEFICIT TRADE BALANCE WITH
CHINA**

**MOHAMMAD NOR SYAFIK BIN NOOR HAMIDI
2015110497**

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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.

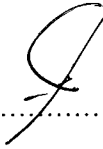
Name of Student : Mohammad Nor Syafik bin Noor Hamidi

Student I.D. No. : 2015110497

Programme : Bachelor of Business and Administration (Hons)
Finance.

Faculty : Business and Management

Thesis : Macroeconomic Factors Affecting Malaysia's Deficit
Trade Balance with China

Signature of Student : 

Date : December 2018

ABSTRACT

Bilateral trade balance between countries is one of the indicator to measure the level of economy development for that country. Although total global value of Malaysia's trade balance showing uptrend throughout the years, but bilateral trade balance with China shows deficit for quite few years. This study objective is to investigate the macroeconomic factors that are consist of Real Exchange Rate (RER) in RM/Yuan, Government Expenditure (GOV) in RM and Oil Prices (OP) in RM that affecting the Malaysia's deficit trade balance with China. The data obtained is from Malaysia's data from January 2013 to May 2018. It is found that real exchange rate and oil prices are the factors affecting Malaysia's deficit trade balance with China except for government expenditure that is not affecting the dependent variable at all.

Keywords: Bilateral Trade Balance, Real Exchange Rate, Government Expenditure, Oil Prices

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