



**AN INVESTIGATION OF MACROECONOMIC VARIABLES THAT AFFECT THE
HOUSEHOLD DEBT: THE STUDY IN MALAYSIA**

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LETTER OF TRANSMITTAL

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Dear Madam,

SUBMISSION OF INDUSTRIAL TRAINING PROJECT PAPER (ECO 672)

Attached is the copy of Industrial Training Project Paper (ECO 672) entitled “**AN INVESTIGATION OF MACROECONOMIC VARIABLES THAT AFFECT THE HOUSEHOLD DEBT: THE STUDY IN MALAYSIA**” as part of the requirement as needed by the Faculty of Business Management, Universiti Teknologi Mara (UiTM), Kelantan.

Thank You.

Respectfully yours,

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ABSTRACT

Household debt is one of the problems faced by all countries in the world. This is because; this household debt can make the country in an unstable state in terms of financial and economic environment. Currently, household debt in Malaysia is quite bad. This is due to the fact that Malaysia is one of the highest countries who has high household indebtedness in Asian. Based on the Central Bank of Malaysia report, the household debt shows increment drastically in four years between 2010 until 2013. The highest of composition household debts are personal loan, mortgage loan and credit card. These are the factors which contribute highly to the household debt. The purpose of the research is to know which variable that highly leads to the household debt. For the purpose of this research, the multiple linear regression models are used to explain the relationship between independent variables which are housing price, income, household consumption, lending rate and inflation rate with the dependent variable which is the household debt. Based on the finding or result, it shows that the housing price, income and household consumption have a significant relationship with the household debt. Besides that, there are positive relationship between household debt, housing price and household consumption. On the other hand, there are negative relationship between household debt and household income.

Keywords: Household debt, housing price, household income and household consumption.