



# **The Determinant Of Government Bond Yields in Malaysia (2010-2016)**

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## FACULTY OF BUSINESS MANAGEMENT

### BACHELOR OF BUSINESS ADMINISTRATION (HONS) BUSINESS ECONOMICS (BM250)

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## **Abstract**

The purpose for this study is to determine the relationship between macroeconomic variable and the government bond yield in Malaysia. Empirical evidence obtained from Ordinary Least Square (OLS) and the studies utilize the time series data from year 2010 to year 2016. The Malaysia government bond yield were used as dependent variable whereby government budget deficit (GBD), government debt (GD), consumer price index (CPI) and interest rate (IR) were used as independent variable. Ordinary Least Square (OLS) study that the government debt (GD) has positive and significance relationship with government bond yield. However, government budget deficit (GBD) shows positive relationship with government bond yield but not significance while consumer price index (CPI) is negative but significantly related and interest rate (IR) show negative relationship and insignificance relationship with government bond yield. Therefore, government should use both fiscal policy and monetary policy to control and stabilize the macroeconomic indicator that may have impact on Malaysia government bond yield.

Keyword: Government Bond Yield, Government Budget Deficit, Government Debt, Consumer Price Index, Interest Rate