



UNIVERSITI TEKNOLOGI MARA

**THE RELATIONSHIP BETWEEN
TERM TO MATURITY
AND
VOLUME OF TRADE
TOWARDS
VOLATILITY OF
MALAYSIAN BOND MARKET**

**SYAHIDATUL HANI BINTI SAMSIJAN
2015418194**

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of the requirements for the degree of
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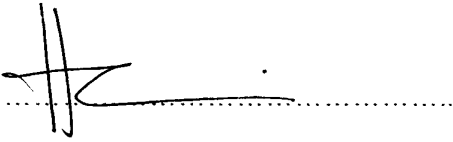
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AUTHOR'S DECLARATION

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 : Syahidatul Hani Binti Samsijan
Student I.D. No. : 2015418194
Programme : Bachelor of Business and Administration (Hons) Finance.
Faculty : Business and Management
Thesis : The Relationship Between Term to Maturity and Volume
of Trade Towards Volatility of Malaysian Bond Market.

Signature of Student : 
Date : June 2018

ABSTRACT

The aim of this research is to determine the relationship between price, term to maturity and volume of trade towards the volatility of Malaysian bond market. Government and corporate bond which actively traded in the capital market is being analysed. The independent variables are Bond Market in Malaysia. The independent variables for this study are term to maturity and volume of trade. Volatility of Malaysia bond market is the dependent variable and it is measure the condition of bond market before and after the financial crisis that occur in Malaysia. The volatility of the bond market is measure through the changes price of the bonds. This study used panel data as the method of study where the data is collected using monthly data from 2005 until 2010. The data for this study is obtained from mostly from AsianBonds Online and Eikon Thompson Reuters Data Stream subscribe by UiTM. The data also analysed by using E – views to explain the descriptive analysis, normality test, correlation analysis, multiple regression analysis and test on assumption in order to interpret the significance of the relationship. The expected results show there is no significant relationship between the price of bond and term to maturity for government bond in Malaysia. However, the result is opposing for the corporate bond. Corporate bond shows there is no significant relationship between volume of trade and the volatility of bond market in Malaysia.

Keywords: Volatility of bond market in Malaysia, price of bond, term to maturity, volume of trade

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