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Perpustakaan
Universiti Teknologi MARA
Kampus Machang



UNIVERSITI TEKNOLOGI MARA

**A STUDY ON THE RELATIONSHIP OF INTEREST RATES AND
INFLATION RATES FLUCTUATION WITH ON PERFORMANCE OF RHB
BOND FUND: SPECIAL STUDY ON RASHID HUSSAIN BERHAD (RHB)**

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UNIVERSITI TEKNOLOGI MARA

CAMPUS MACHANG

KELANTAN

MARCH 2002

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LETTER OF SUBMISSION

28 March 2002

**The Head of Program
Bachelor of Business Administration with Honors (Finance)
Faculty of Business Management
Universiti Teknologi MARA
18500 Machang
Kelantan**

Dear Sir,

SUBMISSION OF PROJECT PAPER (FIN 660)

Attached is the project paper titled '**A STUDY ON THE RELATIONSHIP OF INTEREST RATES AND INFLATION RATES FLUCTUATION WITH ON PERFORMANCE OF RHB BOND FUND: SPECIAL STUDY ON RASHID HUSSAIN BERHAD (RHB)**' to fulfill the requirement as needed by the Faculty of Business Management, Universiti Teknologi MARA.

Thank you.

Yours sincerely,



ZAMZURI BIN HASAN
2000648601
Bachelor of Business Administration with Honors (Finance)

ACKNOWLEDGEMENT

“In the name of Allah, The Merciful, The Beneficent”

Glory to Allah S.W.T., the most gracious, the most merciful and peach is upon his messenger Holy Prophet Muhammad S.A.W. All the worship belongs to only Allah. I seek refuge with God from the wickedness within and from the evil deeds. I also praised to Allah S.W.T. for giving me courage, time and knowledge in completing this project paper.

Alhamdulillah, at last this project paper is ready on the day it is due finish. Whilst accepting full responsibility for the contents of this work, it would churlish not to acknowledge the debt I owe to all those who, directly or indirectly contributed to this writing. It has a most fruitful experience to have been able to do this project paper.

First and foremost, I would like to thank my respected project advisor En. Sohail Ghayas Mirza, who has made a significant contribution and provided me extremely useful comments at all stage of this project paper. Specials emphatic thank you to sir.

I am also greatly indebted to UiTM Campus Machang lecturers and those who have been very helpful in helping me to complete this project by providing valuable information, which contribute considerably to this study.

This acknowledgement also goes to my entire classmate who worked, studied, played and prayed together in the name of Allah, the compassionate, the beneficent and the merciful.

ABSTRACT

This project paper is prepared to fulfill the requirement as needed by the Faculty of Business Management, Universiti Teknologi MARA. For this purpose, I have selected a topic entitled, “ A Study on the Relationship of Interest Rates and Inflation Rates fluctuation with On Performance of RHB Bond Fund: Special Study on Rashid Hussain Berhad (RHB)”.

This project paper is conducted to evaluate the performance of the RHB Bond Fund toward interest rates and inflation rates level in US. This study using the simple regression technique and SPSS program for analyzing and forecast the price of the RHB Bond Fund and interest rates and inflation rates level in US. The purpose of the study is to analyze whether has any significant relationship between the performances of RHB Bond Fund that issued toward the level of interest rates and inflation rates in US.

Data of the interest rates and inflation rates in US level is getting from the commercial bank data and inflation rates of selected country in Bank Negara Malaysia report by monthly. While, the RHB Bond Fund will get from the website of RHB Unit Trust Management Berhad and annual report of RHB Bond Fund. The data will collect since January 1998 until July 2001.

This analysis also looks forward to the demand and categories of the bond, the maturity period, the fund that used and the point in time when the bond was issued in the market. The hypothesis determined whether their have qualitative factor in bond grading has a positive significant relationship and effect in issuing RHB Bond Fund.