



**THE EAST ASIAN FINANCIAL CRISIS:
THE EFFECT OF MACROECONOMIC VARIABLES
TOWARD THE ECONOMIC GROWTH IN MALAYSIA**

**SITI KHADIJAH BINTI KARIM
2005655743**

**BACHELOR OF BUSINESS ADMINISTRATION
(HONS) FINANCE
FACULTY OF BUSINESS MANAGEMENT
UNIVERSITI TEKNOLOGI MARA
JOHOR**

MAY 2007

ACKNOWLEDGEMENT

ASSALAMUALAIKUM W.B.T

In the name of Allah, the most gracious and merciful, I thank you Allah for give me the hope and strength, which need most, to accomplish this project paper together. I would like to express my personal gratitude to all that involved in completing this project paper directly or indirectly. To whom I seek advices and guidance.

First of all, I would like to take this opportunity to express my greatest appreciation to my advisor, Encik Syamsyul b. Samsudin for his supervision, invaluable advice and excellent thought in order for me to do a good research. He had giving me lots of ideas and constructive critisms, which will extent beyond this study in order to help me to recognize my weaknesses in this study. He was also gave me the confidence and support in order to complete this research study.

I am also greatly indebted to Encik Muhamad Sukor b. Jaafar who is the excellent in giving his supervision and devotion research, which had inspired on my work. Without his untiring assistance, direction, encourage, comment, suggestion and constructive critisms throughout this research study, this research study will not completed.

I would like to acknowledge my gratitude to other lecturers and staffs of Universiti Teknologi MARA for their cooperation and support throughout the success of this research study.

I would like to dedicate my greatest love to my father, Encik Karim b. Aziz, my mum Puan Kasminah Binti Tahar, and my siblings. Thank your for your supports, encouragement, understanding, caring and patience throughout my two years of hard work in BBA (Hons) Finance. Without their prayer and encouragement, this research study will be impossible to be completed.

Last but not least, I would like to thank and shows my appreciation to all my beloved friends and everybody who directly or indirectly gave their support, encouragement, critics, suggestions and helps in completing this research study.

Thank you

Wassalam.

TABLE OF CONTENTS	PAGE
ACKNOWLEDGEMENT	v
TABLE OF CONTENT	vii
LIST OF TABLE	ix
LIST OF FIGURE	ix
ABBREVIATIONS	x
ABSTRACT	xi
 CHAPTERS	
 1. INTRODUCTION	
1.0 Background of Study	1
1.1 Overview of East Asian Financial Crisis	2
1.1.1 Financial Crisis in Malaysia	3
1.2 Overview of Macroeconomic Variables	4
1.3 Problem Statement	10
1.4 Objectives of Study	11
1.5 Significance of Study	12
1.6 Limitations of Study	13
1.7 Definitions of Terms/ Concepts	14
 2. LITERATURE REVIEW	
2.0 Introduction	17
2.1 The East Asian Financial Crisis	17
2.2 Relationship between GDP (economic growth) with Current Account, Exports and Exchange Rate	19

ABSTRACT

This study analyze on the relationship between the economic variables and the economic growth in Malaysia before and after the East Asian financial crisis. In this research study, the indicator for the economic growth is the real Gross Domestic Product (GDP) and for the macroeconomic variables it consists of three variables, which are the current account, exports and the exchange rate (USD/ RM). The purpose of this study is to determine the relationship between the GDP and the three macroeconomic variables before and after the East Asian financial crisis. This study will be conduct for 20 years from 1987 until 2006, which consists of two stages from 1987 until 1996 (before the financial crisis) and from 1997 to 2006 (after the financial crisis). This study will also imply the single and the multiple linear regression analysis models to identify whether there are significant relationships between GDP with current account, exports and exchange rate.