



**THE RELATIONSHIP BETWEEN GOVERNMENT BOND
YIELDS WITH SELECTED MACROECONOMIC
VARIABLES**

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ABSTRACT

This paper examines the connection between Government Bond Yields and macroeconomic determinants such as Federal Government Budget Deficit (FGBD), Base Lending Rate (BLR), Consumer Price Index (CPI) and Government Debt (GD). Secondary data was collected from Datastream from year 1996:Q1 to 2015:Q4 which contain quarterly data from quarter one to four and have a total of 80 observations in this paper. EViews was used to run the model and estimate the regression. Besides, this paper also employed the Breusch- Godfrey Serial Correlation LM test, Autoregressive Conditional Heteroscedasticity (ARCH) test, Jarque- Bera test, Ramsey RESET test and encounter that there is no serious multicollinearity problem, no autocorrelation, no heteroscedasticity, error term is normally distributed and model is correctly specified. These practical results help investors to define the factors that could disturb the Government Bond Yields and choice making.

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