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# MODELING MALAYSIA DEBT THRESHOLD: DEBT COMPOSITION (DOMESTIC DEBT; EXTERNAL DEBT; HOUSEHOLD DEBT)

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Malaysia as one of the fast growing economy in the Southeast Asia region experienced challenging tasks in managing the increasing level of debts. This study intends to investigate the implication of the debt (domestic debt, external debt and household debt) towards the economic growth of Malaysia by adopting Threshold regression method for the sample period from 1980 to 2015. Empirical findings indicate that the threshold level of debt aggregate is approximately 50% of GDP, 36% of GDP for domestic debt, 11% of GDP for external debt and 82% of GDP for household debt where there is a negative impact on growth the debt is above the threshold level.