The 1ST UNICEB 2017

Garuda Plaza Hotel Medan, December 12th 2017

ANALYSIS OF RUPIAH EXCHANGE RATE AGAINST THE US DOLLAR THROUGH MONETARY APPROACH

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ABSTRACT

The financial crisis that hit America in 2008 had a big impact on the sluggishness of the world economy after 2008. The countries most affected by the economic crisis are the American trading partners. Dollar is the reference currency used in international trade transactions. Because of this, the exchange rate of the rupiah against the US dollar is always experiencing turmoil following the condition of the world economy. After the 2008 global financial crisis, the rupiah exchange rate against the US dollar weakened. A weakening exchange rate causes the domestic economy to weaken. Using multiple linear regression equations with ordinary least square and error correction model analysis techniques, with basic theory used in this study is The Real Interest Differential Monetary Model developed by Frankel (1979), this study provides empirical evidence that overall macroeconomic variables that affect the exchange rate of the Rupiah against the US dollar after the global economic crisis of 2008 are change the money supply differential, change the real Gross Domestic Product differential, change the inflation differential and change the interest rate differential with research period Q1.2010 - Q3.2015. Empirical results are partially that in the short term the most influential variables are money supply differential, inflation differential and interest rate differential. The coefficient of elasticity of the rupiah exchange rate against the money supply is the most elastic.

Keywords : exchange rate, money supply, inflation, interest rate