

ABSTRACT

PERFORMANCE ANALYSIS OF BANK INDONESIA MONETARY POLICY PERIODE (2005:07-2014:07)

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Monetary policy is a key component of economic policy. Monetary policy is all the actions taken by the central bank to change monetary conditions in the economy and finance are concerned. It's purpose low inflation that accompanied the creation of sustainable economic growth.

The aim in this study was to find out how and how much monetary policy implemented by Bank Indonesia as the start of Inflation Targeting Framework through Bi rate inflation, interest rate of deposits, exchange rate, and economic growth. analysis tool used is Vector auto Regressions/Vector Error Correction Model (VAR/VECM) method.

From the research found that overall independent variables in this study has a effect significant on the dependent variable based on the test results showed that each variable has positive and negative effects on economic growth, inflation, exchange rate, interest rate of deposits.

keywords : Kebijakan Moneter ,Inflation Targeting Framework (ITF),BI Rate, Exchange rate, Inflation, Economic Growth, Vector auto Regressions /Vector Error Correction Model (VAR/VECM).