FLUCTUATIONS ANALYSIS OF FOREIGN EXCHANGE RESERVES IN INDONESIA PERIOD 2005Q1 - 2014Q4

by

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ABSTRACT

This study aim to analyze the fluctuations in foreign exchange reserves in Indonesia. The independent variable used is Foreign Direct Investment (FDI), foreign debt, net exports, foreign debt and foreign exchange reserves of the previous period. This study uses time series data in the period January 2005 to December 2014. The analysis is quantitative descriptive on short-term and long-term. The analytical tool used is the Error Correction Model (ECM) for a short-term analysis and multiple linear regression by Ordinary Least Square's method (OLS) for the long term. The results indicates that in the short term and long term, FDI has no significant effect on the fluctuation of foreign exchange reserves in Indonesia. While the foreign debt, net exports, foreign debt payments and foreign exchange reserves prior period give positive and significant effect to the fluctuation of foreign exchange reserves in Indonesia.

Keywords: *Foreign Direct Investment (FDI), Foreign Debt, Net Exports, Foreign Debt Payments and Foreign Exchange Reserves of Prior Period, Error Correction Model (ECM).*