

Analysis of Monetary Policy Effect of Real Sector In Indonesia (Money Base Targeting Framework Period (2002:01-2005:06) and Inflation Targeting Framework (2005:07-2013:12))

by

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ABSTRACT

The purpose of this study was to analyze the effect of the monetary policy through money base targeting framework operational such as base money and loan to consumption and investment in Indonesia 2002:1-2005:6 period and monetary policy through inflation targeting framework operational such as BI Rate and loan to consumption and investment in Indonesia 2005:7-2013:12 period. The analytical tool that use in this study is Error Correction Model. This study used monthly time series data obtained from Bank Indonesia. Based on the results of ECM, showed that in partial, base money have significant positive effect on the consumption and negative effect on the investment, while loan have significant positive effect on the consumption. In inflation targeting framework period, in partial, BI Rate have significant positive effect on the investment. As well as jointly and significantly all variables used in this study affect the consumption and investment.

Keywords: *Money Base Targeting Framework, Inflation Targeting Framework and Error Correction Model*