

ABSTRACT

TRANSMISSION MECHANISM OF EXCHANGE RATE CHANNEL TOWARD INFLATION IN INDONESIA (PERIOD 2005:T3-2016:T2)

By

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Transmission mechanism is a process of how Bank Indonesia's policy works through policy rate i.e BI rate until it affect to inflation. The policy then affect on activity in financial sector and riil economic through various transmission channel, i.e interest rate, exchange rate, asset price, credit and expectation. This research aims to analyze the respons of transmission mechanism of exchange rate variable directly through import price index and transmission mechanism of exchange rate variable indirectly through the output gap if a shock happens to inflation. Along with analyze the contribution of transmission mechanism of exchange rate variable directly through import price index and transmission mechanism of exchange rate variable indirectly through the output gap toward the final target policy/inflation. This research is using Vector Error Correction Model (VECM) as the analysis tool with BI rate, interest rate differential, capital inflow, exchange rate, import price index, output gap and inflation as variable. The result shows that transmission mechanism of exchange rate variable directly through import price index has a faster response if a shock happens to inflation and has more contribution toward the final target policy/inflation compared to transmission mechanism of exchange rate variable indirectly through the output gap.

Keywords : BI rate, capital inflow, exchange rate, import price index, inflation, interest rate differential, output gap, transmission mechanism of exchange rate, Vector Error Correction Model (VECM).

ABSTRAK

MEKANISME TRANSMISI JALUR NILAI TUKAR TERHADAP INFLASI DI INDONESIA (PERIODE 2005:T3-2016:T2)

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Mekanisme transmisi merupakan proses bekerjanya keputusan kebijakan moneter Bank Indonesia melalui suku bunga kebijakan yaitu *BI Rate* sampai memengaruhi inflasi. Tindakan itu kemudian berpengaruh terhadap aktivitas di sektor keuangan dan ekonomi *riil* melalui berbagai saluran transmisi, yaitu saluran suku bunga, nilai tukar, harga aset, kredit dan ekspektasi. Penelitian ini bertujuan untuk menganalisis respon variabel mekanisme transmisi jalur nilai tukar secara langsung melalui indeks harga impor dan variabel mekanisme transmisi jalur nilai tukar secara tidak langsung melalui *output gap* apabila terjadi guncangan (*shock*) pada inflasi. Serta menganalisis kontribusi variabel mekanisme transmisi jalur nilai tukar secara langsung melalui indeks harga impor dan variabel mekanisme transmisi jalur nilai tukar secara tidak langsung melalui *output gap* terhadap sasaran akhir kebijakan/inflasi. Alat analisis yang digunakan adalah *Vector Error Correction Model* (VECM) dengan variabel *BI rate*, *interest rate differential*, *capital inflow*, nilai tukar, indeks harga impor, *output gap* dan inflasi. Hasil penelitian menunjukkan bahwa variabel mekanisme transmisi jalur nilai tukar secara langsung melalui indeks harga impor lebih cepat merespon apabila terjadi guncangan (*shock*) pada inflasi dan lebih berkontribusi terhadap sasaran akhir kebijakan/inflasi dibandingkan dengan variabel mekanisme transmisi jalur nilai tukar secara tidak langsung melalui *output gap*.

Kata Kunci : *BI rate*, *capital inflow*, indeks harga impor, inflasi, *interest rate differential*, mekanisme transmisi jalur nilai tukar, nilai tukar, *output gap*, *Vector Error Correction Model* (VECM).