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HONOURS
(BUSINESS ECONOMIC)**

**THE DETERMINANTS OF TRADE BALANCE IN SELECTED
DEVELOPING COUNTRIES**

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ABSTRACT

The study was conducted to examine the relationship between foreign direct investment and inflation rate towards the trade balance. The study consider data from 2008 until 2015 and comprise of 16 different countries that were randomly selected from developing countries which are Paraguay, Malaysia, Indonesia, Brazil, China, Fiji, India, Jordan, Kazakhstan, Myanmar, Pakistan, Philippines, Turkey, Thailand, Ukraine, and Vietnam. Therefore, this investigation was made using the data that collected from the World Bank website and examined through a panel data analysis. The result of this study, the researcher found that there was no significant relationship between inflation rate towards the trade balance while there was a significant relationship between foreign direct investment towards the trade balance. Furthermore, the researcher also found that both inflation rate and foreign direct investment has negative relationship on the trade balance.