



**THE IMPACT OF MACROECONOMIC VARIABLES TOWARDS THE  
PERFORMANCE OF TRADE BALANCE:  
AN ARDL APPROACH FOR SOUTHEAST ASIA**

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## **ABSTRACT**

Balance of Trade (BOT) is one of the important elements under the Balance of Payments (BOP) in indicating whether a particular country's growth surpasses its economic output. Many economic determinants influenced the performance of the BOT but numerous studies found that different countries have different determinants that are liable to their country's imbalance BOP condition. Thus, this paper attempts to determine which economic determinants that actually affect the performance of the Balance of Trade in Southeast Asia's country which includes Indonesia, Malaysia, Philippines and Thailand in both long –run estimation and short-run estimation. This study involved a set of data from the year 1981 until 2014 on an annually basis. Various tests such as unit root, multicollinearity, serial correlation, bound testing approach to co-integration and the Error Correction Mechanism (ECM) that developed within the Autoregressive Distributed lag (ARDL) structure were adopted in order to achieve the objective of this study. The findings reveal that the co-integration between the dependent variable and the independent variables in all the selected countries do exist. The findings also reveal that there are mixed results that contributing to the surplus or deficit condition of the Balance of Trade in regards to its long-run and short-run estimation.