



**THE EFFECT OF INTERNATIONAL TRADE AND FOREIGN DIRECT
INVESTMENT TOWARDS EXCHANGE RATE VOLATILITY IN THE
ASEAN COUNTRIES**

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TABLE OF CONTENTS

	Page
TITLE PAGE	i
DECLARATION OF ORIGINAL WORK	ii
LETTER OF TRANSMITTAL	iii
ACKNOWLEDGEMENT	iv
TABLE OF CONTENTS	v-viii
LIST OF FIGURES	ix
LIST OF TABLES	x
LIST OF ABBREVIATIONS	xi
ABSTRACT	xii
CHAPTER 1 INTRODUCTION	
1.1 Research Background	1-10
1.2 Problem Statement	10-12
1.3 Research Objective	13
1.4 Research Question	13
1.5 Significant of Study	13-14
1.6 Scope and Limitation of Study	
1.6.1 Scope of Study	15
1.6.2 Limitations of study	15
1.7 Conclusion	15

CHAPTER 2	THEORY AND LITERATURE REVIEW	
2.1	Introduction	16
2.2	Theory Associated with the study	16-18
2.3	Literature Review	
2.3.1	International Trade	18-19
2.3.2	Foreign Direct Investment	19-20
2.4	Conceptual Framework	20
2.5	Research hypothesis	20-21
2.6	Conclusion	21
 CHAPTER 3	 DATA AND METHODOLOGY	
3.1	Introduction	22
3.2	Research Design	22
3.3	Research Population	
3.4	Data	22-23
3.2.1	Variable Definition	
3.2.1.1	Exchange rate volatility	23
3.2.1.2	International Trade	24
3.2.1.3	Foreign Direct Investment	24

ABSTRACT

Exchange rate has a vital role in the country's level of trade, which in turn is very critical in a free market economy. This study aims to study the relationships between the effect of International Trade and Foreign Direct Investment towards Exchange rates Volatility by using the evidence from 10 Asean Countries. The variables that used for this study are Exchange rate Volatility, International Trade and Foreign Direct Investment. This study pooled by OLS and proceeds with Robust Standard Error due to the existence of Heteroskedasticity. After conducting Robust Standard Error, the variables that show negative impact is Foreign Direct Investment and positive impact is International trade towards Exchange rates Volatility. However, there is no variables that have significant relationship towards Exchange rates Volatility.