



**THE EFFECT OF ECONOMIC VARIABLES  
TOWARDS AUTOMOBILE SALES: AN  
ANALYSIS AUTOMOTIVE INDUSTRY ASEAN-5  
COUNTRY**

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## ABSTRACT

This study examines the impact of economic variables which are purchasing power parity, oil price, interest rate and population growth to automobile sale in ASEAN-5 countries over the period 1995-2012. The impact of variables to automobile sales is using the panel estimation models which are fixed effects model (FEM) and random effect model (REM). The findings show that only two variables are correlated with each other; which is purchasing power parity has positive correlation and interest rate has negative correlation with automobile sales in ASEAN-5 countries. This result is supported by previous researchers **Muhammad *et al.* (2012)**. Otherwise, the result in Ordinary Least Square (OLS) which implies in these studies as well test all variables was stationary at 1, 5, and 10 percent level of significant except interest rate. This shows the most have effect on automobile sales is oil price in each ASEAN-5 countries. However, OLS estimation result for Indonesia shows the oil price has not correlation with automobile sales. Instead of interest rate, population and purchasing power parity is not significant in the Philippines and Thailand. It means that, interest rate does not correlate to automobile sales in Malaysia, Philippines, Thailand and Vietnam; while purchasing power parity is not correlated to automobile sales in ASEAN-5 countries except Malaysia.