THE EFFECTS OF CURRENCY FLUCTUATION ON THE EXPORT VALUE : EVIDENCE FROM SELECTED ASIAN COUNTRIES

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ABSTRACT

This research study examined the impact of currency fluctuation in 2010-2014 on 6 Asian export countries. The main type of data used in this study is secondary, sources from the World Bank, Bluenomics and TradingEconomic. The main objective of this study is to investigate the currency fluctuation effect such real exchange rate, interest rate and money supply effect the exports value, which also analyze the changes of goods exports trends due to the depreciation of currency which will answer the question whether currency fluctuation lead to improve the value of export or not. Fixed effect, Random effect and pooled OLS has been applied on panel data to find the impact of currency fluctuation effect the exports value. The result of the study shows that independent variable of real exchange rate (RER), lending interest rate (LIR) and money supply (MS) are significantly affect the dependent variable, value of export. But, real exchange rates and money supply are the strongest variables that affect the value of export since it have the most significant value at 99% confidence level.

Keywords: Exchange rate, interest rate, money supply, fixed effect, random effect, pooled OLS