



**UNIVERSITI TEKNOLOGI MARA**

**THE DETERMINANTS OF FOREIGN EXCHANGE  
RATE IN SELECTED SOUTHEAST ASIAN  
COUNTRIES**

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of the requirements for the degree of

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## AUTHOR'S DECLARATION

I declare that the work in this thesis was carried out in accordance with the regulations of Universiti Teknologi MARA. It is original and is the results of my own work, unless otherwise indicated or acknowledged as referenced work. This thesis has not been submitted to any other academic institution or non-academic institution for any degree or qualification.

I, hereby, acknowledge that I have been supplied with the Academic Rules and Regulations for Post Graduate, Universiti Teknologi MARA, regulating the conduct of my study and research.

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## **ABSTRACT**

Exchange rate is the trading value of the currency between one country that will be exchanged to another. The importance of foreign exchange rate is to determine the economic performance and the well-being of all people residing on any particular country. The consideration is given to the foreign exchange policies because it is an important macroeconomic variable to ensure its appropriateness of economic policy making. The main objective of this study is to analyse the determinants of exchange rate in selected Southeast Asian countries by examining money supply, foreign direct investment, Gross Domestic Product (GDP), inflation rate and interest rate as the independent variables. The study is conducted for a period of eleven (11) years from 2009 until 2019. The data used in this study is a secondary data and the countries selected are Indonesia, Thailand, Malaysia, Vietnam, Philippines, and Singapore. The data is collected from the website of World Bank Open Data. This study has used panel data to frame a model that used to measure the observation from the same subjects in each time. The findings of this study shows that money supply with the proxy of current local unit, capital inflow which is measured by foreign direct investment and inflation rate have positive significant impact to the foreign exchange rate. Meanwhile, the GDP and interest rate have the opposite result which is insignificant impact to the exchange rate.

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