

ABSTRACT

The purpose of this research is to examine inflation in ten ASEAN countries from 2009 to 2013 used Phillips curve perspective. Most of ASEAN countries have the same issue and characteristic as a country. This research try to find out whether Phillips curve can be explained in ASEAN countries as shown by Phillips. Phillips curve describe the tradeoff between inflation and unemployment rate. The increase in the unemployment rate causes a decrease in inflation.

This research used cyclical unemployment, crude oil price, and output gap as independet variable, while the dependent variable is inflation. Output gap and cyclical unemployment was calculated by using Hodrick-Prescott Filter. The population in this research is ten ASEAN countries (Thailand, Phillipina, Singapore, Vietnam, Malaysia, Indonesia, Lao PDR, Myanmar, Cambodia, and Brunei) in 2009-2013. By using data panel, the method of analysis that was used to test the relation between cyclical unemployment, crude oil, and output gap to inflation is fixed effect model to explain determinant of inflation in ASEAN countries.

The results of this research showed that cyclical unemployment has an insignificant affect toward inflation. Output gap result has a significant affect toward inflation but the result is negative, it was different from the hypothesis of this research. On the other hand crude oil result has a significant affect toward inflation and the result is positive which is exactly like the hypothesis of this research. This research shown that phenomenon Phillips curve can not to be explained in ASEAN countries. Inflation in ASEAN countries was affected from external shock like crude oil price.

Keywords : Phillips curve, cyclical unemployment, crude oil, output gap, inflation.