

ABSTRACT

The exchange rate is a crucial macroeconomic indicator that affects economic stability, international trade, and a country's competitiveness, particularly in emerging market economies. The ASEAN region is characterized by a high degree of economic openness and financial integration, and generally adopt a managed floating exchange rate regime so as their exchange rates sensitive to macroeconomic shocks.

This study aims to analyze the effects of domestic price level, interest rates, money supply growth, and net exports on the exchange rates of ASEAN emerging market countries—Indonesia, Malaysia, Philippines, and Thailand—during the period 2008–2023. The study employs secondary data obtained from the World Bank, International Monetary Fund (IMF), and Bank for International Settlements (BIS). A static panel data regression using the Fixed Effect Model (FEM) is applied.

The results indicate that domestic price level have a positive and significant effect on exchange rates, as well as money supply growth have a negative and significant effect on exchange rates. Meanwhile, interest rate and dummy net exports do not have a significant effect on exchange rates. Simultaneously, all independent variables significantly affect exchange rates. These findings indicate that exchange rate movements are determined by the interaction of various independent variable influencing the demand and supply of foreign exchange.

Keywords: *exchange rate, domestic price level, interest rate, money supply growth, net exports*