ABSTRACT

This study aims to analyze and analyze the exchange rate, importance, and to analyze the inflation targeting framework for inflation in the Philippines and Indonesia from 2000q1 to 2018q4 in the short and long term. The research method used is the Autoregressive Distributed Lag Model (ARDL). The results show that in the long run the exchange rate and import do not have a significant effect on inflation in the Philippines and Indonesia, the ITF has a significant effect on inflation in the Philippines but does not have a significant effect on inflation inIndonesia. In the short term, the exchange rate and the ITF have a significant effect, while imports have no effect on inflation in the Philippines, in Indonesia only the ITF variable has a significant effect on inflation.

Keywords: Exchange Rate, Imports, Inflation Targeting Framework, Inflation, ARDL