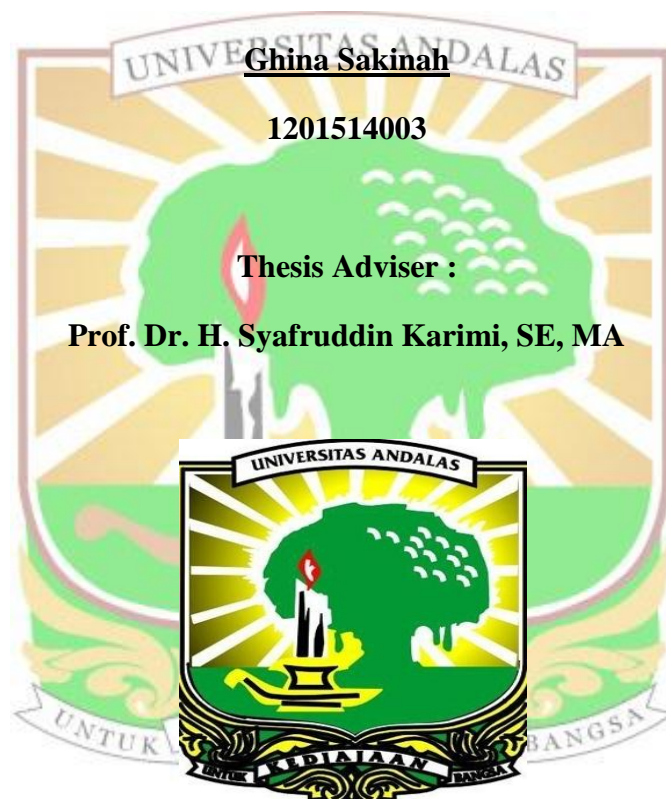


**THE NEXUS OF INTERNATIONAL TRADE, EXCHANGE RATE AND ECONOMIC  
GROWTH IN INDONESIA:  
A VECTOR ERROR CORRECTION MODEL (VECM) APPROACH**

**THESIS**

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**THE NEXUS OF INTERNATIONAL TRADE, EXCHANGE RATE AND  
ECONOMIC GROWTH IN INDONESIA:  
A VECTOR ERROR CORRECTION MODEL (VECM) APPROACH**

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**ABSTRACT**

*The aim of this study was to analyze the nexus between international trade, exchange rate and economic growth in Indonesia and using Vector Error Correction Model (VECM) approach based on quarterly data start from 1990-2014 period. This study uses Vector Error Correction Model (VECM) to find the relationship of international trade, exchange rate on economic growth in short term and long term condition. VECM also find the causality between all variables where international trade and exchange rate has the causality relationship with the economic growth. The study clearly stated that the import and exchange rate have the positive relationship in short term. While in the long term, exchange rate have a negative relationship with the economic growth in Indonesia*

**Keywords:** *international trade, exchange rate, economic growth, VECM modeling.*

