

ABSTRACT

International trade can affect a country's economic growth through exports and imports. Other than that, the exchange rate is an important component in a country's economic because of the demand and supply of exchange rates in international markets. One of the results of international trade is foreign exchange reserves. Foreign exchange reserves are an important factor to demonstrate that a country can carry out international trade activities. The strength or weakness of a country's economy can be seen through its foreign exchange reserves. However, the availability of foreign exchange reserves in Indonesia is still low so that international payments cannot be made and it causes the exchange rate to decline due to a deficit in the balance of payments. Then the researcher will analyze net exports and the exchange rate which are factors that affect Indonesia's foreign exchange reserves. The research aims to determine the effect of net exports and the exchange rate on Indonesia's foreign exchange reserves both simultaneously and partially in the period 1990 to 2020. The sample in this study was taken annually. The sample in this study is data on net exports, the exchange rate, and Indonesia's foreign exchange reserves in 1990-2020. Sources of data used in this study were obtained from the Bank of Indonesia and the Central Bureau of the Statistics Republic of Indonesia. First the data were analyzed using correlation test and descriptive statistical analysis. And then, before doing multiple regression analysis, a classical assumption test was carried out, including normality test, autocorrelation test, multicollinearity test, and heteroscedasticity test. The data analysis technique used is multiple regression analysis techniques to obtain a comprehensive picture of the relationship between one variable and another. And also use F-test, T-test, and determination coefficient test to test the hypothesis. The research results show that simultaneously net exports and the exchange rate affect Indonesia's foreign exchange reserves. Partially, net exports have a positive and significant effect on Indonesia's foreign exchange reserves, and also the exchange rate has a significant positive effect on Indonesia's foreign exchange reserves.

Keyword : Net Exports, Exchange Rate, Indonesia's Foreign Exchange Reserves