

ABSTRACT

The exchange rate plays a crucial role in international trade. The adoption of a free-floating exchange rate regime has led to exchange rate volatility. This study aims to analyze the symmetric impact and explore the asymmetric effects of exchange rate volatility on Indonesia's palm oil exports. Given that palm oil is a key commodity in Indonesia's international trade, exchange rate volatility has the potential to affect the competitiveness and export revenues. This research employs a quantitative methods, using the ARDL regression model to assess the symmetric effects and the Nonlinear ARDL model to examine the asymmetric impacts of exchange rate volatility on Indonesia's palm oil exports. The study utilizes secondary data from 2010 to 2022. To determine exchange rate volatility, this research applies the GARCH (1,1) method.

This study, utilizing both ARDL and Nonlinear ARDL approaches, demonstrates that exchange rate volatility significantly affects Indonesia's palm oil exports. Additionally, long-term results from both models suggest that exporters tend to exhibit risk-averse behavior in response to such volatility. The relatively small variation between positive and negative coefficients indicates the presence of asymmetric effects of exchange rate fluctuations on palm oil exports. These findings offer important insights for policymakers and industry stakeholders regarding the influence of exchange rate volatility on the trade of strategically important commodities.

Keywords: *Volatility, Palm Oil Exports, Asymmetric Effect*

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