

ABSTRACT

Domestic savings and investment gap is a phenomenon that often occurs in the various countries in the world, including in ASEAN region. This gap is generally caused due to lack of domestic savings or lack of domestic investment's level. Domestic savings and investment gap is generally in line with the current account balance.

This study aims to analyze the behavior of domestic savings and investment gap based on current account. This study specified in 5 ASEAN countries during the period 1990-2012; Indonesia, Malaysia, Philippines, Singapore and Thailand were analyzed using Ordinary Least Square (OLS).

The results of this study find that there is similarities in domestic savings and investment gap's behavior in Indonesia, Singapore and Thailand (exchange rate and economic crisis has positive effect, inflation rate, interest rate and economic growth has negative effect on the gap). While Malaysia has similarities domestic savings and investment gap's behavior with Philippines (exchange rate, economic crisis and inflation rate has positive effect, interest rate and economic growth has negative effect on the gap).

Keywords: *Domestic Savings and Investment Gap, Domestic Saving, Domestic Investment, Current Account, Exchange Rate, Economic Growth, Consumer Price Index, Interest Rate Differensia, Asian Economic Crisis on 1997*