

EVIDENCE OF PURCHASING POWER PARITY FROM ASEAN DATA (Kewujudan Pariti Kuasa Beli daripada Data Negara-negara Asean)

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ABSTRACT

Purchasing power parity (PPP) is a theory of long-term equilibrium exchange rates based on relative price levels of two countries. The concept is based on the law of one price; the idea that in the absence of transaction costs, identical goods will have the same price in different markets. PPP exchange rate (the "real exchange rate") fluctuations are mostly due to different rates of inflation between the two economies. Aside from this volatility, consistent deviations of the market and PPP exchange rates are observed. In this study, the PPP hypothesis is examined on a sample of six ASEAN members, namely Indonesia, Malaysia, Myanmar, Philippine, Singapore and Thailand. Specifically, the paper discusses the restricted model for PPP, and briefly describes the derivation of PPP models in cointegrating form and in dynamic error-correction (DECM) form. The results are mixed; the cointegration approach seems to have some advantage over the DECM approach. Nevertheless, assuming that the results fairly represent the ASEAN economies, the evidence in favor of PPP is an early indication of the integration in financial and goods markets within the South-East Asia region.

Keywords: Purchasing power parity; cointegration; dynamic error-correction

ABSTRAK

Pariti kuasa beli (PPP) merupakan teori mengenai keseimbangan jangka panjang kadar pertukaran yang berasaskan kepada aras harga relatif antara dua negara. Konsep ini terbit daripada hukum satu harga; hukum tersebut menyarankan bahawa dengan mengetepikan kos urus niaga, barang-barang yang serupa akan diletakkan harga yang sama di pasaran yang berlainan. Turun-naik kadar pertukaran PPP ("kadar pertukaran sebenar") lazimnya disebabkan oleh perbezaan kadar inflasi antara kedua-dua ekonomi. Seiring dengan ketaktentuan ini, terdapat jurang yang tekal antara kadar pertukaran pasaran dan kadar pertukaran PPP. Dalam kajian ini, hipotesis PPP diuji ke atas sampel yang terdiri daripada enam negara anggota ASEAN, iaitu Indonesia, Malaysia, Myanmar, Filipina, Singapura dan Thailand. Secara khususnya, perbincangan dalam makalah ini memberi tumpuan kepada model berkekangan untuk PPP, dan secara ringkas menerangkan terbitan model terbitan untuk PPP dalam kerangka ko-kamiran dan juga dalam kerangka pembetulan ralat dinamik (DECM). Hasil kajian ini bercampur-campur, dengan pendekatan ko-kamiran seolah-olah memiliki beberapa kelebihan berbanding pendekatan DECM. Walau bagaimanapun, dengan anggapan bahawa keputusan secara keseluruhannya memberi gambaran yang adil untuk negara-negara ASEAN, bukti yang menyokong PPP merupakan tanda-tanda awal tentang wujudnya kamiran dalam pasaran kewangan dan barangan di rantau Asia Tenggara.

Kata kunci: Pariti kuasa beli; ko-kamiran; pembetulan ralat dinamik

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