Bukti Korespondensi Bayu Arie Fianto

Paper **"Predictors of Exchange Rate Returns: Evidence from Indonesia",** Jurnal **Bulletin of Monetary Economics and Banking (BMEB)**

Authors: **Bayu Arie Fianto*(First & Corresponding Author),** Nisful Laila*, Raditya Sukmana*, Muhammad Madyan**

Fwd: [BEMP] Editor Decision Kotak Masuk ×

arie fianto Bayu
kepada saya

14 Mei 2022 16.18 (1 hari yang lalu)

Inggris > Indonesia Terjemahkan pesan   Nonaktifkan untuk: Inggris ×

---------- Forwarded message ---------
From: **Paresh Kumar Narayan** <paresh.narayan2014@gmail.com>
Date: Wed, 8 Jan 2020 at 21:49
Subject: [BEMP] Editor Decision
To: Bayu Arie Fianto <bayu.fianto@feb.unair.ac.id>, Nisful Laila <nisful.laila@feb.unair.ac.id>, Raditya Sukmana <raditya-s@feb.unair.ac.id>, Muhammad Madyan <muhammad_madyan@feb.unair.ac.id>

Ref: BMEB_2018_1169
Title: "Predictors of Exchange Rate Returns: Evidence from Indonesia".
Publisher: Bank Indonesia Institute

Dear Bayu Arie Fianto, Nisful Laila, Raditya Sukmana, Muhammad Madyan,

The Bulletin of Monetary Economics and Banking (BMEB) has now reviewed your paper entitled "Predictors of Exchange Rate Returns: Evidence from Indonesia". The reviewer comments are appended below. The reviewer(s) recommend that you revise your paper. We hope that you will find the comments useful in improving the quality of your paper.

You have until January 18, 2020 to resubmit your paper. When you are ready to resubmit your paper, please log into your BMEB account and resubmit your paper. Your paper will then be evaluated further and a final decision will be made on its suitability for publication in BMEB. You also need to mark all changes in the paper in colour red and prepare a rejoinder (a separate document that explains below each reviewer comment how you have addressed each reviewer comment and where in the paper these changes appear).

I wish to reiterate that while I look forward to evaluating the revised version of your paper, an invitation to revise and resubmit does not guarantee publication in BMEB.

Thank you for submitting your work to the BMEB.

Yours sincerely,

Prof. Paresh Kumar Narayan
Deakin University
paresh.narayan2014@gmail.com

Managing Editor, BMEB

Prof. Paresh Kumar Narayan

Managing Editor, BMEB

Reviewer A:

Referee Report on 1169_Article Text_2955_1_4_20191013

Title: Predictors of Exchange Rate Returns: Evidence from Indonesia

Summary of the article:

This paper investigates the determinants of exchange rate return predictors in Indonesia. They use nine predictors. Though in-sample tests do not show significant results, they find out -of-sample predictive ability of the predictors.

Comments: The paper is interesting. However, I have below comments for the authors. I hope the authors address these in the revised version of the paper.

The Introduction contains too much details about the literature and thus, I suggest to improve the Introduction section by having a separate Literature review section or else, authors can combine Literature review with Motivation section. Either way, the authors need to enhance the Introduction section by stating key findings, features such as main contributions from this paper, how it relates to the literature, or which strand/s of the literature and what the implications are etc. Further, authors have used Westerlund and Narayan (2014) model and why was it used? The authors need to elaborate the reasons in Introduction, for eg. the authors may find persistency in their variables. There are some typo errors (eg WN-FGLS is not consistent, some parentheses are missing,) and grammatical errors and the paper needs to be proof read. The section “Data” has been introduced in “Empirical Results” section. However, authors need to have “Data” under Methodology (Section III) and not in Results section. Also, I can notice, it has been stated as panel data, but the data are only time series. Moreover, the authors have stated the motivation of the selected predictors in the “Data” section. This should actually go under “Motivation” section (Section II) All the methods should go under “Methodology” section eg. The forecasting evaluation methods such as R2, Theil’s U. There are some predictors with very large values eg. Export, and the authors may take natural log transformation to scale the variable. Regarding the predictor, US T-bills, is it 3-Month? Or 1-year? It has to be stated clearly in the Data section. The author should check the data series of US T-bills and the results in Table 1. The mean value is very high “627” so the standard deviation as well. It is very unrealistic value. The number of decimal places needs to be consistent (eg. 4 decimal places) The authors need to state how they have selected (or on what basis) the time periods of 3 sub-samples. Mainly, how have they got the crisis period with exact dates? The authors have not referred to any literature.

04/04/1983 – 08/14/1997

08/15/1997 – 12/31/1998

01/01/1999 – 09/14/2018

Using the forecast evaluation methods (R2 and Theil 's U), the authors claim predictive regression performs better compared to constant model. However, Theil's U statistic only show limited results (<1). Thus, it's not accurate to generalize both. Authors need to correctly specify the results. In Table 9, the significant results can be highlighted for better presentation of the outcomes. In addition to the two methods of forecast evaluations, the authors can also use other metrics such as Relative Mean Absolute Errors (RMAE) and Relative Root Mean Squared Errors (RRMSE). Then these results can be compared with the results of the R2 and Theil's U statistic. Suggestion:The authors can read Exchange Rate Predictability (Journal of Economic Literature), by Barbara Rossi (2013) for a good literature review on Exchange rate predictability.

Recommendation: Revisions Required

Reviewer B:

Predictors of Exchange Rate Returns: Evidence from Indonesia

See my edited version of your paper sent by email. From the above reviewer's comments you can ignore those relating to introduction as that has been fixed in the revised version emailed you.

Recommendation: Revisions Required

Fwd: Your BMEB paper--URGENT Kotak Masuk ×

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kepada saya

Sab, 14 Mei 16.16 (1 hari yang lalu)

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---------- Forwarded message ---------
From: **Prof. Paresh Narayan** <paresh.narayan2014@gmail.com>
Date: Thu, 23 Jul 2020 at 19:57
Subject: Your BMEB paper--URGENT
To: arie fianto Bayu <bayu.fianto@feb.unair.ac.id>, NISFUL LAILA <nisful.laila@feb.unair.ac.id>, Raditya Sukmana <raditya-s@feb.unair.ac.id>
Cc: Susan Sharma <sharma.suz03@gmail.com>

Bayu,

Here is a substantially rewritten and edited version of your paper. we have also got rid of Section II and merged the best part of it with section I.

Check and confirm

Also i see that several references are either missing and not included, can you do a final check of your references and ensure that they are update to date and match with those in the body of the paper. those not cited should be deleted from the reference list.

Since we are targeting your paper for the next issues of BMEB please send me the final version by 25 July

note that if you intend to make any changes in the paper do so using track change

Paresh Kumar Narayan, PhD (Monash University)
Alfred Deakin Professor
Deakin University
Editor-in-Chief: Emerging Markets, Finance & Trade
Managing Editor: Bulletin of Monetary Economics & Banking
PRESIDENT: Asia-Pacific Applied Economics Association

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kepada saya

Sab, 14 Mei 16.17 (1 hari yang lalu)

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---------- Forwarded message ---------
From: **arie fianto Bayu** <bayu.fianto@feb.unair.ac.id>
Date: Fri, 24 Jul 2020 at 17:08
Subject: Re: Your BMEB paper--URGENT
To: Prof. Paresh Narayan <paresh.narayan2014@gmail.com>
Cc: NISFUL LAILA <nisful.laila@feb.unair.ac.id>, Raditya Sukmana <raditya-s@feb.unair.ac.id>, Susan Sharma <sharma.suz03@gmail.com>

Dear Prof. Paresh,

Please find attached is the final paper from us. I have read and check again the draft manuscript. I have corrected spelling, added and removed references, ensured match with the body of the manuscript using track changes. However, there is one new reference (Sheng, 2005) which I think added by the BMEB's team, that I could not find the details in the references list. I have tried to find the literature manually but not sure since I do not have the full details of the literature.
Thank you.

Kind regards,

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PREDICTORS OF EXCHANGE RATE RETURNS: EVIDENCE FROM INDONESIA

Bayu Arie Fianto*, Nisful Laila*, Raditya Sukmana*, Muhammad Madyan**

*Corresponding author. Department of Islamic Economics, Faculty of Economics and Business, Universitas Airlangga, Surabaya, Indonesia. E-mail: bayu.fianto@feb.unair.ac.id
**Department of Management, Faculty of Economics and Business, Universitas Airlangga, Surabaya, Indonesia.

ABSTRACT

Using historical time-series data, we investigate Indonesia's exchange rate return predictability. We employ nine predictors, namely stock price, gold price, oil price, commodity price, inflation, balance of payment, total exports, the US T-bill rate, and the US federal fund rate. With historical data, we fail to discover any evidence that these factors predict Indonesia's exchange rate returns. However, we find that oil price, commodity price, inflation, and the US T-bill rate can significantly predict Indonesia's exchange rate returns during the Asian financial crisis. Our findings key implication is that it is the external factors that dominate the evolution of Indonesia's exchange rate, and inflation rate is the only domestic factor for policy makers to control.

Keywords: Exchange rate; Predictors; Inflation; External factors; Indonesia.
JEL Classifications: F30; F31; F37.

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