**“Does Monetary Policy Respond to Macroeconomic Shocks? Evidence from Indonesia”  
Arintoko, arintoko@unsoed.ac.id, Faculty of Economics and Business Universitas Jenderal Soedirman, Jl. HR. Bunyamin 708 Purwokerto 53122**

**Submission of a manuscript to the Jurnal Ekonomi & Studi Pembangunan**

(5 June 2022)

Dear Editor of Jurnal Ekonomi & Studi Pembangunan,

I wish to submit an original research article entitled “Does Monetary Policy Respond to Macroeconomic Shocks? Evidence from Indonesia” for consideration by Jurnal Ekonomi & Studi Pembangunan.

I confirm that this paper is my own work in accordance with my field of expertise.

I was motivated to carry out this study against the background that in a global environment of increasing uncertainty and macroeconomic instability, the implementation of monetary policy is required to pay more attention to external shocks that occur. This study aims to analyze the response of monetary policy to macroeconomic shocks. For this purpose, the effect of output shock, inflation shock, and exchange rate shock on policy interest rates in the implementation of monetary policy is discussed through vector error correction model (VECM) analysis with policy interest rate response variables in a long-run relationship. The study period is 2001Q1 – 2020Q1 as the period for implementing the policy using the policy interest rate. The contribution of this research is to provide an empirical study of monetary policy response to macroeconomic shocks, which so far have limited research. This monetary policy response determines the monetary policy stance in order to achieve its objectives. The results of the analysis show that based on the magnitude of the impact and its contribution, inflation shock and exchange rate shock are the most important macroeconomic variable shocks in influencing the monetary policy stance in Indonesia. Inflation shock and exchange rate shock need to be a priority focus for monetary policy makers in an economic environment where uncertainty is increasing and rapidly changing. The results of this study suggest that in addition to the interests of the domestic economy, monetary policy also needs to remain focused on considering and adapting to increasing dynamic global economic and financial developments.

Thank you for your consideration of this manuscript to be published on Jurnal Ekonomi & Studi Pembangunan.

Sincerely,

Arintoko