

ABSTRACT

Uncertainty in the world economy as well as negative sentiment continued to press Indonesian economy. Indonesia has become one of the countries affected by the strengthening US dollar. The uncertainties come from factors conditions US economic recovery and speculation on interest rates The Fed, in addition to the collapse of the world oil and commodity prices.

Therefore, this study is aimed to determine the risk of the exchange rate of the US dollar against Rupiah using the Value at Risk Variance-Covariance and Delta-Normal Methods, comparing which method is more accurate and to assist in assessing the exchange rate risk between US dollar and Rupiah.

The sample is determined based on purposive sampling method, where the US dollar exchange rate is taken from the year 2013 until September 2015. The analysis method used in this research is the analysis of secondary data to determine how much foreign exchange risk at the desired period.

Comparison of the exchange rate of US dollars using 95% confidence level shown that, Variance-Covariance method has a higher risk value than the Delta-Normal Valuation method.

Based on the results of the analysis conducted in this study, it is concluded that the Variance-Covariance method can be used as a reference in assessing the exchange rate risk more precisely.

Keywords : *Value at Risk, Return, Variance-Covariance, Delta-Normal Valuation.*