

DO NOTHING, FORWARD CONTRACT, MONEY MARKET HEDGE, OR CALL OPTION HEDGE THE CASE OF PT. GARUDA INDONESIA, TBK.

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Abstract: Do Nothing, Forward Contract, Money Market Hedge, or Call Option Hedge. The Case of PT. Garuda Indonesia, Tbk.. This study investigates the foreign exchange risk management program of PT. Garuda Indonesia, Tbk, an industry leading airlines in Indonesia with over to 50 countries Airlines route. PT. Garuda Indonesia, Tbk is one of that companies which has long been concerned on how to mitigate its economic and transaction exposure. The purpose of this project is to help the company mitigate its risk exposure and find the best hedging technique or other mitigation strategy to minimize their risk. The result of the project is to determine the most favorable hedging policy and the best way to implement the financial instruments or products available in the market or simulated. It is expected that PT. Garuda Indonesia, Tbk would be able to quickly execute hedging techniques in order to prevent financial loss due to foreign exchange exposure.

Abstrak: Tanpa Hedging, Kontrak Forward, Hedging Pasar Uang, atau Hedging dengan Call Option, Studi kasus pada PT. Garuda Indonesia, Tbk. Studi ini mengkaji manajemen resiko nilai tukar di PT. Garuda Indonesia, Sebuah Perusahaan terkemuka dalam industry maskapai penerbangan Indonesia dengan rute penerbangan lebih ke 50 Negara. PT. Garuda Indonesia merupakan salah satu perusahaan yang telah lama melakukan pengurangan resiko ekonomi dan resiko transaksi. Tujuan dari penelitian ini adalah untuk membantu perusahaan dalam manajemen nilai resiko dengan memilih strategi yang paling tepat. Dimana pada akhirnya PT.Indonesia diharapkan dapat dengan seera melaksanakan teknik hedging dalam menghindari kerugian financial akibat resiko nilai tukar.

Keywords: risk, exposure, exchange rate, hedging, derivatives.

The reducing cross-border barrier of trades and transactions between some countries has been well documented, it possible for corporate executives to operate anywhere they wish over the world. This opportunity, however, depends on the need and strategy of the company concern. Some companies go into the global market in order to exploit an opportunity that has been identified. Others go global as a market expansion strategy. Others may be due to the fact that the company has reached the maturity stage in its local market, they would have no choice than to go global in order to be in busines.

Basically, the majority of multinational companies use more than one currency in doing business, which makes them being exposed by exchange rate risk, namely fluctuating rate due to inflation and interest rate. Concerning their operation, their financial managers should understand how to measure/read risk exposure encountered by the company, so that they can determine when and how to protect the company from the risk. They will apply international financial management science, covering investing and financial decisions, which eventually aims at increasing shareholders' asset or company's value.

In international finance science/field, there are many financial instruments that can be applied or practiced to reduce or mitigate the risk resulting from currency exchange rate fluctuation during a certain period. This rate fluctuation will clearly change foreign and local currency value, so that there will be variance to actual expenses and actual revenue of the company, and eventually affect the company's projected cash flow in this period. Some companies apply currency derivatives, such as forward, future, option, swap and others, to hedge their exposure to the fluctuating foreign currency exchange rate risk.

PT. Garuda Indonesia, Tbk is a airline company that prevent a huge expenses to maintenance lot of their Airplane. In its operation, PT. Garuda Indonesia, Tbk is exposed to currency rate exposure, especially transaction and economic exposure, Because all the Boeing spareparts are imported from several US Company.

METHOD

In this paper we analyze and compare between some alternative hedge that should be adopted PT. Garuda Indonesia, Tbk. We Simulate and Analyze on The Needs of Hedging and then describe profit/(loss) of every alternative hedge.

Previous empirical research has also sought to identify which the best hedging technique that a firm's can choice to reduce an exchange rates exposure , The Examinations at Southwest Airlines, Carter, Rogers, and Simkins (2004) says that in Airlines Industry Hedging must be doing to minimalyze tha exchanges rates risk from the high cost of Fuel and Maintenance Airplane, and the best choice hedge are option hedge.

Mulyono, Suhardiyanto, and Sihotang (2009) Found that Money market hedge are the most profitable hedge than other hedging policies. This are a case study at PT. Pura Daya Prima to reduce their transaction exposure.

RESULTS AND DISCUSSION

Type of Exposures

Based on Madura (2008), exposure to exchange rate fluctuations comes in three forms:

a. Transaction exposure

The value of a firm's future contractual transactions in foreign currencies is affected by exchange rate movements. The sensitivity of the firm's contractual transactions in foreign currencies to exchange rate movements is referred to as transaction exposure.

b. Economic exposure

The value of a firm's cash flows can be affected by exchange rate movements if it executes transactions in foreign currencies, receives revenue from foreign customers, or is subject to foreign competition.

c. Translation exposure

An MNC creates its financial statements by consolidating all of its individual subsidiaries' financial statements. A subsidiary's financial statement is normally measured in its local currency. To be consolidated, each subsidiary's financial statement must be translated into the currency of the MNC's parent. Since exchange rates change over time, the translation of the subsidiary's financial statement into a different currency is affected by exchange rate movements. Translation exposure or exchange-rate exposure refers to the sensitivity of a firm's market value to unanticipated exchange-rate movements (Adler, 1983).The exposure of the MNC's consolidated financial statements to exchange rate fluctuations is known as translation exposure.

Hedging Techniques

In This paper we will focuses in ways to manage the transaction exposure. Shapiro (2009), describe that transaction exposure arises whenever a company is committed to a foreign currency denominated transaction. To reduce the transaction exposure company can use several techniques: forward market hedge, money market hedge, risk shifting, risk sharring, exposure netting, and currency option. We just examaine mency market hedge, money market hedge, and currency option hedge.

a. Forward market hedge

Generally, a forward contract gives its holder both the right and the full obligation to conduct a transaction involving another security or commodity-the underlying asset-at a predetermined future date and at a predetermined price. The future date on which the transaction is to be consummated is called the contract's maturity (or expiration) date, while the predetermined price at which the trade takes place is the forward contract price. Notice there must always be two parties (sometimes called counterparties) to a forward transaction, who delivers the security for the fixed price. One advantage of this private arrangement is that the terms of the contract are completely flexible; they can be whatever any two mutually consenting counterparties agree to.

b. Money Market Hedge

Money market hedge is borrowing and lending in multiple currencies, for example to eliminate currency risk by locking in the value of a foreign currency transaction in one's own country's currency. This involves taking a money market position to cover a future payables or receivables position. If a firm has excess cash, it can create a simplified money market hedge (Madura, 2008)

c. Currency Option Hedge

An option contract gives its holder the right-but not the obligation-to conduct a transaction involving an underlying security or commodity at a predetermined future date and at a predetermined price. On the other hand, the seller (or writer) of the option must perform on his side of the agreement if the buyer chooses to exercise the option. Thus, the obligation in the option market is inherently one-sided; buyers can do as they please, but sellers are obligated to the buyers under the terms of the agreement. As a consequence, two different types of options are needed to cover all potential transactions: a call option-the right to buy the underlying security-and a put option-the right to sell that same asset.

Transaction Exposure at PT. Garuda Indonesia, Tbk

Just like any other industry, PT. Garuda Indonesia, Tbk also facing many operational risks. In case of the risk that PT. Garuda Indonesia, Tbk facing is how to maintain the stability of their cash outflow which caused by the payable occurred by import of material which are in USD. Table 1 Shows the buying of airplane spare part by PT. Garuda Indonesia, Tbk at 2008 and The due date of Payable.

Table 1. Account Payable and The Due Data of PT. Garuda Indonesia, Tbk.

No	Date of Transaction	Ammount of	Due Date
		Transaction USD	
1	February 28, 2008	250.000	January 28, 2009
2	February 28, 2008	250.000	January 28, 2009
3	March 3, 2008	500.000	February 13, 2009
4	March 3, 2008	500.000	February 27, 2009
5	March 10. 2008	500.000	January 13, 2009
6	September 5, 2008	500.000	January 28, 2009
7	September 5, 2008	500.000	March 12, 2009
8	September 5, 2008	500.000	March 26, 2009
9	September 5, 2008	500.000	April 9, 2009
10	September 5, 2008	500.000	April 23, 2009
11	September 5, 2008	500.000	May 15, 2009
12	October 8, 2008	500.000	May 28, 2009
13	October 8, 2008	500.000	May 28, 2010
14	October 8, 2008	500.000	March 26, 2009
15	October 8, 2008	500.000	April 4, 2009
16	October 24, 2008	500.000	April 23, 2009
17	October 24, 2008	500.000	January 13, 2010
18	October 24, 2008	500.000	January 28, 2010
19	October 24, 2008	250.000	February 13, 2010
20	October 24, 2008	250.000	February 24, 2010
21	December 17, 2008	250.000	January 13, 2010
22	December 17, 2008	250.000	January 28, 2010
Total		9.500.000	

Source: Financial Report of PT. Garuda Indonesia, Tbk

This risk arises as a result of movement in the exchange rate between the time a transaction takes place and the time it is paid for or settled (Shapiro, 2009). This occurs when current assets and liabilities are denominated in the foreign currency, and with any income and ex-

penditure arising from long-term assets and liabilities, which are also denominated in the foreign currency. Table 2 expose the movement of exhcange rate at the transaction and due date that face PT. Garuda Indonesia, Tbk

Table 2. Fluctuation of Exchange Rate

No	Date of Transaction	Spot Rate	Ammount of Transaction	Due Date	Spot Rate
		USD to IDR	USD		USD to IDR
1	February 28, 2008	9,006	250,000	January 28, 2009	11,294
2	February 28, 2008	9,006	250,000	January 28, 2009	11,294
3	March 3, 2008	9,061	500,000	February 13, 2009	11,726
4	March 3, 2008	9,062	500,000	February 27, 2009	11,920
5	March 10. 2008	9,062	500,000	January 13, 2009	11,165
6	September 5, 2008	9,282	500,000	January 28, 2009	11,294
7	September 5, 2008	9,282	500,000	March 12, 2009	11,920
8	September 5, 2008	9,282	500,000	March 26, 2009	11,472
9	September 5, 2008	9,282	500,000	April 9, 2009	11,323
10	September 5, 2008	9,282	500,000	April 23, 2009	10,885
11	September 5, 2008	9,282	500,000	May 15, 2009	10,390
12	October 8, 2008	9,282	500,000	May 28, 2009	10,390
13	October 8, 2008	9,282	500,000	May 28, 2010	10,328
14	October 8, 2008	9,545	500,000	March 26, 2009	11,472
15	October 8, 2008	9,545	500,000	April 4, 2009	11,323
16	October 24, 2008	9,545	500,000	April 23, 2009	10,885
17	October 24, 2008	9,545	500,000	January 13, 2010	11,294
18	October 24, 2008	9,913	500,000	January 28, 2010	11,438
19	October 24, 2008	9,913	250,000	February 13, 2010	11,726
20	October 24, 2008	9,913	250,000	February 24, 2010	11,878
21	December 17, 2008	10,895	250,000	January 13, 2010	11,165

Source: Jakarta Stock Exchange

PT. Garuda Indonesia, Tbk do nothing to Their Transaction Exposure (Unhedge)

If PT. Garuda Indonesia, Tbk do nothing about the exchange rate to they payable thats call Un-

hedging or the position of casflows are open position. This position are shown on table 3.

Table 3. Open Position to PT. Garuda Indonesia, Tbk Payable

No	Date of Transaction	Due Date	Spot Rate	Value of
			USD to IDR	Transaction
1	February 28, 2008	January 28, 2009	11.294	2.823.500.000
2	February 28, 2008	January 28, 2009	11.294	2.823.500.000
3	March 3, 2008	February 13, 2009	11.726	5.863.000.000
4	March 3, 2008	February 27, 2009	11.920	5.960.000.000
5	March 10, 2008	January 13, 2009	11.165	5.582.500.000
6	September 5, 2008	January 28, 2009	11.294	5.647.000.000
7	September 5, 2008	March 12, 2009	11.920	5.960.000.000
8	September 5, 2008	March 26, 2009	11.472	5.736.000.000
9	September 5, 2008	April 9, 2009	11.323	5.661.500.000
10	September 5, 2008	April 23, 2009	10.885	5.442.500.000
11	September 5, 2008	May 15, 2009	10.390	5.195.000.000
12	October 8, 2008	May 28, 2009	10.390	5.195.000.000
13	October 8, 2008	May 28, 2010	10.328	5.164.000.000
14	October 8, 2008	March 26, 2009	11.472	5.736.000.000
15	October 8, 2008	April 4, 2009	11.323	5.661.500.000
16	October 24, 2008	April 23, 2009	10.885	5.442.500.000
17	October 24, 2008	January 13, 2010	11.294	5.647.000.000
18	October 24, 2008	January 28, 2010	11.438	5.719.000.000
19	October 24, 2008	February 13, 2010	11.726	2.931.500.000
20	October 24, 2008	February 24, 2010	11.878	2.969.500.000
21	December 17, 2008	January 13, 2010	11.165	2.791.250.000
22	December 17, 2008	January 28, 2010	11.294	2.823.500.000
TOTAL				106.775.250.000

Forward Market Hedge

One alternative is to go to our bank who, deals in foreign exchange, and simply lock-in the value of the currency that needs by company to pays their payable.

The formula of forward contact:

$$\text{Forward rate} = \text{Spotrate} + \frac{\text{Interest rate differen-}}{365} \times \text{spot} \times \text{Days} \times 100\%$$

Forward Rate = Estimated of the forward rate

Spot Rate= Spot rate at transaction date

Interest rate of Differential= The difference of Local and The Caountry that denominated transactions interest rate.

Days = Days until due date.

Table 4 shows the estimated forward rate and table 5 are shows the Value of transaction PT. Garuda Indonesia, Tbk with forward market technique.

Table 4. The Forward Rate Estimating

No	Date of Transaction	Due Date	Spot Rate at	Ammount of	IDR Interest Rate	USD Interest Rate	Gap of Interest	Forward rate
			Transaction Date USD to IDR	Transactions USD				
1	February 28, 2008	January 28, 2009	9,006	250,000	8.00%	3.00%	5.00%	9,013
2	February 28, 2008	January 28, 2009	9,006	250,000	8.00%	3.00%	5.00%	9,013
3	March 3, 2008	February 13, 2009	9,061	500,000	8.00%	3.00%	5.00%	9,164
4	March 3, 2008	February 27, 2009	9,062	500,000	8.00%	3.00%	5.00%	9,165
5	March 10, 2008	January 13, 2009	9,062	500,000	8.00%	3.00%	5.00%	9,165
6	September 5, 2008	January 28, 2009	9,282	500,000	8.00%	3.00%	5.00%	9,165
7	September 5, 2008	March 12, 2009	9,282	500,000	8.00%	3.00%	5.00%	9,165
8	September 5, 2008	March 26, 2009	9,282	500,000	8.00%	3.00%	5.00%	9,285
9	September 5, 2008	April 9, 2009	9,282	500,000	8.00%	3.00%	5.00%	9,285
10	September 5, 2008	April 23, 2009	9,282	500,000	8.00%	3.00%	5.00%	9,286
11	September 5, 2008	May 15, 2009	9,282	500,000	8.00%	3.00%	5.00%	9,286
12	October 8, 2008	May 28, 2009	9,282	500,000	8.00%	3.00%	5.00%	9,249
13	October 8, 2008	May 28, 2010	9,282	500,000	8.00%	3.00%	5.00%	9,349
14	October 8, 2008	March 26, 2009	9,545	500,000	9.90%	1.50%	8.40%	9,548
15	October 8, 2008	April 4, 2009	9,545	500,000	9.90%	1.50%	8.40%	9,548
16	October 24, 2008	April 23, 2009	9,545	500,000	9.90%	1.50%	8.40%	9,548
17	October 24, 2008	January 13, 2010	9,545	500,000	11.16%	1.50%	9.66%	9,915
18	October 24, 2008	January 28, 2010	9,913	500,000	11.16%	1.50%	9.66%	9,915
19	October 24, 2008	February 13, 2010	9,913	250,000	11.16%	1.50%	9.66%	9,915
20	October 24, 2008	February 24, 2010	9,913	250,000	11.16%	1.50%	9.66%	9,915
21	December 17, 2008	January 13, 2010	10,895	250,000	11.24%	0.25%	10.99%	10,896
22	December 17, 2008	January 28, 2010	10,895	250,000	11.24%	0.25%	10.99%	10,896

Table 5. Value Of Transactions PT. Garuda Indonesia, Tbk. With Forward Market Hedge

No	Date of Transaction	Due Date	Ammount of Transaction	Forward Rate	Value of Transaction
1	February 28, 2008	January 28, 2009	250,000	9,013	2,253,250,000
2	February 28, 2008	January 28, 2009	250,000	9,013	2,253,250,000
3	March 3, 2008	February 13, 2009	500,000	9,164	4,582,000,000
4	March 3, 2008	February 27, 2009	500,000	9,165	4,582,500,000
5	March 10, 2008	January 13, 2009	500,000	9,165	4,582,500,000
6	September 5, 2008	January 28, 2009	500,000	9,165	4,582,500,000
7	September 5, 2008	March 12, 2009	500,000	9,165	4,582,500,000
8	September 5, 2008	March 26, 2009	500,000	9,285	4,642,500,000
9	September 5, 2008	April 9, 2009	500,000	9,285	4,642,500,000
10	September 5, 2008	April 23, 2009	500,000	9,286	4,643,000,000
11	September 5, 2008	May 15, 2009	500,000	9,286	4,643,000,000
12	October 8, 2008	May 28, 2009	500,000	9,249	4,624,500,000
13	October 8, 2008	May 28, 2010	500,000	9,349	4,674,500,000
14	October 8, 2008	March 26, 2009	500,000	9,548	4,774,000,000
15	October 8, 2008	April 4, 2009	500,000	9,548	4,774,000,000
16	October 24, 2008	April 23, 2009	500,000	9,548	4,774,000,000
17	October 24, 2008	January 13, 2010	500,000	9,915	4,957,500,000
18	October 24, 2008	January 28, 2010	500,000	9,915	4,957,500,000
19	October 24, 2008	February 13, 2010	250,000	9,915	2,478,750,000
20	October 24, 2008	February 24, 2010	250,000	9,915	2,478,750,000
21	December 17, 2008	January 13, 2010	250,000	10,896	2,724,000,000
22	December 17, 2008	January 28, 2010	250,000	10,896	2,724,000,000
TOTAL					89,931,000,000

Money Market Hedge

The exchange rate is the amount of one currency required to purchase one unit of another. In

the exchange market, therefore, one currency is bought while the other is sold at the same transaction. In the money market, currencies can be bought or sold spot.

Table 6. Value Of Transactions PT. Garuda Indonesia, Tbk. With Money Market Hedge

No	Date of Transaction	Amount of Transaction USD	USD Interest Rate	Present Value	Spot Rate USD to IDR	Amount of Borrowing IDR	IDR Borrowing Rate	Principle Plus Interest
1	February 28, 2008	250,000	3.00%	242,718	9,006	2,185,922,330	14.40%	2,500,695,146
2	February 28, 2008	250,000	3.00%	242,718	9,006	2,185,922,330	14.40%	2,500,695,146
3	March 3, 2008	500,000	3.00%	485,437	9,061	4,398,543,689	14.40%	5,031,933,981
4	March 3, 2008	500,000	3.00%	485,437	9,062	4,399,029,126	14.40%	5,032,489,320
5	March 10, 2008	500,000	3.00%	485,437	9,062	4,399,029,126	14.40%	5,032,489,320
6	September 5, 2008	500,000	3.00%	485,437	9,282	4,505,825,243	14.40%	5,154,664,078
7	September 5, 2008	500,000	3.00%	485,437	9,282	4,505,825,243	14.40%	5,154,664,078
8	September 5, 2008	500,000	3.00%	485,437	9,282	4,505,825,243	14.40%	5,154,664,078
9	September 5, 2008	500,000	3.00%	485,437	9,282	4,505,825,243	14.40%	5,154,664,078
10	September 5, 2008	500,000	3.00%	485,437	9,282	4,505,825,243	14.40%	5,154,664,078
11	September 5, 2008	500,000	3.00%	485,437	9,282	4,505,825,243	14.40%	5,154,664,078
12	October 8, 2008	500,000	3.00%	485,437	9,282	4,505,825,243	14.40%	5,154,664,078
13	October 8, 2008	500,000	3.00%	485,437	9,282	4,505,825,243	14.40%	5,154,664,078
14	October 8, 2008	500,000	1.50%	492,611	9,545	4,701,970,443	14.40%	5,379,054,187
15	October 8, 2008	500,000	1.50%	492,611	9,545	4,701,970,443	14.40%	5,379,054,187
16	October 24, 2008	500,000	1.50%	492,611	9,545	4,701,970,443	14.40%	5,379,054,187
17	October 24, 2008	500,000	1.50%	492,611	9,545	4,701,970,443	14.40%	5,379,054,187
18	October 24, 2008	500,000	1.50%	492,611	9,913	4,883,251,232	14.40%	5,586,439,409
19	October 24, 2008	250,000	1.50%	246,305	9,913	2,441,625,616	14.40%	2,793,219,704
20	October 24, 2008	250,000	1.50%	246,305	9,913	2,441,625,616	14.40%	2,793,219,704
21	December 17, 2008	250,000	0.25%	249,377	10,895	2,716,957,606	14.40%	3,108,199,501
22	December 17, 2008	250,000	0.25%	249,377	10,895	2,716,957,606	14.40%	3,108,199,501
Total		9,500,000				87,623,347,992		100,241,110,103

Call Option Hedge

Options are agreements between traders for the right, but not the obligation, to buy or sell a specific amount of commodity at an exercise/strike price within a specified period, after which the option expires. The buyer of the option normally pays a premium to the seller (writer). When the option agreement gives the holder the right to buy the commodity, it is known as a call

option. On the other hand, if the right of the option is to sell the commodity, it is known as a put option.

In this case PT. Garuda Indonesia, Tbk has an payable so they need a currency to pay that. They need the holder the right to buy the commodity or call option hedge.

Table 7. Value Of Transactions PT. Garuda Indonesia, Tbk. With Call Option Hedge

No	Due Date	Amount of Transaction	Strike Price	Premium per Unit	Cost of Unit Plus Premium	Value Call Option
		USD	IDR	Call Option (IDR)	IDR	IDR
1	January 28, 2009	250,000	11,294	339	11,633	2,908,250,000
2	January 28, 2009	250,000	11,294	339	11,633	2,908,250,000
3	February 13, 2009	500,000	11,726	352	12,078	6,039,000,000
4	February 27, 2009	500,000	11,920	358	12,278	6,139,000,000
5	January 13, 2009	500,000	11,165	335	11,500	5,750,000,000
6	January 28, 2009	500,000	11,294	339	11,633	5,816,500,000
7	March 12, 2009	500,000	11,920	358	12,278	6,139,000,000
8	March 26, 2009	500,000	11,472	344	11,816	5,908,000,000
9	April 9, 2009	500,000	11,323	340	11,663	5,831,500,000
10	April 23, 2009	500,000	10,885	330	11,215	5,607,500,000
11	May 15, 2009	500,000	10,390	332	10,722	5,361,000,000
12	May 28, 2009	500,000	10,390	309	10,699	5,349,500,000
13	May 28, 2010	500,000	10,328	309	10,637	5,318,500,000
14	March 26, 2009	500,000	11,472	344	11,816	5,908,000,000
15	April 4, 2009	500,000	11,323	327	11,650	5,825,000,000
16	April 23, 2009	500,000	10,885	339	11,224	5,612,000,000
17	January 13, 2010	500,000	11,294	352	11,646	5,823,000,000
18	January 28, 2010	500,000	11,438	352	11,790	5,895,000,000
19	February 13, 2010	250,000	11,726	352	12,078	3,019,500,000
20	February 24, 2010	250,000	11,878	357	12,235	3,058,750,000
21	January 13, 2010	250,000	11,165	335	11,500	2,875,000,000
22	January 28, 2010	250,000	11,294	339	11,633	2,908,250,000
Total						110,000,500,000

Comparasion Between Open Position And Any Alternatives Hedge at PT. Garuda Indonesia, Tbk

This comparison was conducted to determine which the most profitable alternatives hedge technique than can adopted by PT. Garuda Indonesia, Tbk.

Table 8. Comparison Between Each Hedging Strategies

No.	Techniques of Hedging	Values of Transaction
1.	Open Position	Rp 106.775.250.000
2.	Forward Market Hedge	Rp 89.931.000.000
3.	Money-Market Hedge	Rp 100.241.110.000
4.	Call Option Hedge	Rp 110.000.500.000

CONCLUSIONS

This paper are try to find the optimal hedging policies at multinatinal corporation. Based on the case at PT. Garuda Indonesia, Tbk. We found that Money market hedge are the most and easy choice that should be doing at PT. Garuda Indonesia, Tbk. Although Forward Market

Hedge gives more effective gain. The Forward Market at Indonesian Market Case are almost unavailable.

It must be empazhied that this paper doesnt present complete characterization of hedging policies. That caused by some factor, like the unavailable transaction-level data.

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