

RISK ANALYSIS OF INVESTMENT A NEW FACTORY WITH MONTE CARLO SIMULATION

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ABSTRACT

A case study of an investment in developing a new factory was conducted to analyses one of critical factors which are concern in foreign investment evaluation, such as the exchange rate of US\$ to IDR (Rupiah). The exchange rate's fluctuation has potential effect on the financial engineering project and also the firm performance, where as the investment was funded by export debt. The exchange rate risk was analyzed by Monte Carlo simulation model.

Key Words: Risk, Monte Carlo Simulation, Financial Indicators.