

ABSTRACT

In the last two decades, there have been two major phenomena, namely the Covid-19 pandemic and the 2008 global crisis, which resulted in the Indonesian economy experiencing a journey full of challenges and dynamics, one of which is reflected in the inflation rate which always misses the target that has been set. This research tests several variables namely Money Supply (JUB), Gross Domestic Product (GDP), Interest Rates (SB), and Exchange Rates (NT) to determine their influence on the inflation rate in Indonesia during 2010-2022.

This research is quantitative research using secondary data on inflation rates, money supply, gross domestic product, interest rates and exchange rates taken through the official websites of the Central Statistics Agency (BPS), Bank Indonesia (BI), Indonesian Economic and Financial Statistics from Bank Indonesia (SEKI), and the Ministry of Trade. Data analysis uses time series data with the Error Correction Model (ECM). The data analysis method used is Ordinary Least Square (OLS) with Eviews 12 software.

The research results show that in the long term, partially Money Supply and Interest Rate have a significant effect on inflation. Meanwhile, GDP and Exchange Rate have no significant effect. Simultaneously, Money Supply, GDP, Interest Rate, and Exchange Rate have a significant effect on inflation. In the short term, SB partially has a significant effect on inflation. Meanwhile, Money Supply, GDP, and Exchange Rate have no significant effect. Simultaneously, Money Supply, GDP, Interest Rate, and Exchange Rate have a significant effect on inflation.

Keywords: Inflation, Money Supply, Gross Domestic Product, Interest Rate, and Exchange Rate.