

ABSTRACT

THE INFLUENCE OF INVESTMENT, EXCHANGE RATES AND INFLATION ON ECONOMIC GROWTH IN 2004-2023

By:

Finna Cahya Octaviani

NPM. 213401119

Supervisor I : Jumri

Supervisor II : Aso Sukarso

This study aims to determine the effect of investment, exchange rates and inflation on economic growth in Indonesia in 2004-2023. This study uses secondary data with multiple linear analysis. The results of this study indicate that partially domestic investment, foreign investment has a significant positive effect on Indonesia's GDP, meaning that both investment instruments, namely domestic investment and foreign investment, play an important role in increasing community productivity and national production capacity, which directly accelerates industrial development and expands economic activity in various regions. Then the exchange rate has a significant positive effect on Indonesia's GDP, this can attract foreign investment to Indonesia. When the local currency is cheaper, foreign investors may see an opportunity to invest at a lower cost. Meanwhile, inflation has a negative and significant effect on Indonesia's GDP because inflation can reduce people's welfare. When inflation increases, the price of goods and services also tends to increase in general, which reduces people's purchasing power. This causes consumers to be more careful in spending, so that demand for goods and services decreases.

Keyword: *Gross Domestic Product, Investment, Exchange rate, Inflation.*