THE EFFECT OF THE INFLATION AND INTEREST RATE ON THE EXCHANGE RATE IN INDONESIAN



FINAL PROJECT

Prepared to Meet Requirements to Complete Research Diploma IV Majoring in Public Sector Accounting Sriwijaya State Polytechnic

By:

Taufik Nur Arifin 061940512769

ACCOUNTING DEPARTMENT POLITEKNIK NEGERI SRIWIJAYA PALEMBANG 2023

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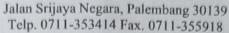
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KEMENTERIAN PENDIDIKAN, KEBUDAYAAN, RISET DAN TEKNOLOGI

POLITEKNIK NEGERI SRIWIJAYA JURUSAN AKUNTANSI





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MOTTO

"O you who believe, make patience and prayer your helper, verily Allah is with those who are patient"

[Q.S. Al-Baqarah: 153]

"Indeed, after hardship there is ease"

[Q.S. Al-Insyirah: 6]

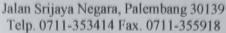
"If you never try, you will never know"

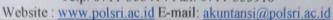
[Taufik Nur Arifin]

I dedicate it to:
Both parents and extended family
☐ Pride Alma Mater
□ Supervisor
☐ Friends of Class 8 MSU

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Final Project Title : The Effect Of Inflation, and Interest Rates on the Exchange

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Hereby declare:

- 1. The thesis that I wrote with the title as mentioned above and its contents is the result of my own writing.
- 2. The thesis is not plagiarism or copying someone else's thesis.
- 3. If this thesis is found to be plagiarism or copying someone else's thesis, then I am willing to bear the consequences.

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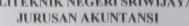
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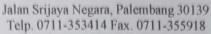
My Regards,

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No	Comment	Examiner	University	Date	Sign
1		Dr. Muhammad Ahmad DOS	Management ScienceUniversity (MSU)	28/8/2023	Just
2	Add Recommendati on for Government	Henny Yulsiati, S.E., M.Ak.	Politeknik Negeri Sriwijaya (POLSRI)	4/10/2023	RO

ACKNOWLEDGEMENT



First and foremost, I gratefully thank Allah, the Almighty, for His favors, strength, and most importantly, His loyalty and love from the beginning of my academic career to this degree level. His kindness has enabled me to achieve and succeed in all of my academic endeavors.

Aside from my efforts, the success of this report is heavily reliant on the support and guidance of many people. I'd want to use this occasion to convey my thanks to everyone who contributed to the successful completion of my thesis, which includes:

- 1. Mister Dr. Ing. Ahmad Taqwa, M.T. as a president of the state Polytechnic of Sriwijaya
- 2. Mister Carlos R.S, S.T., M.T. as a vice president I of State Polytechnic of Sriwijaya
- 3. Madam Nelly Masnila, S.E., M.Si., Ak. as a vice president II of State Polytechnic of Sriwijaya
- 4. Mister Ahmad Zamheri, S.T., M.T. as a vice president III of State Polytechnic of Sriwijaya
- 5. Mister Drs.Zakaria, M.Pd as a vice president IV of State Polytechnic of Sriwijaya
- 6. Madam Dr. Evada Dewata, S.E., M.Si., Ak., CA., CMA, as a head of Accounting major in State Polytechnic of Sriwijaya
- 7. Madam Yuliana Sari, S.E., MBA., Ak, as a secretary of Accounting major in State Polytechnic of Sriwijaya
- 8. Madam Anggeraini Oktarida, S.E., M.Si.Ak., CA, as a head of Diploma IV program public sector Accounting in State Polytechnic of Sriwijaya
- 9. All the lecturer, staff, administration and officer in Accounting of State Polytechnic of Sriwijaya

10. Miss Anis Suhaila Anas dan Mister Zulkifli S.E, M.M. as my supervisor from Management and Science University and State Polytechnic of Sriwijaya Palembang.

In writing this final project report, the author feels far for, perfect, due to the limitations of the abilities and knowledge that the author possesses. Therefore, all constructive criticisms and suggestions are highly welcome by the author as improvements for the future. May Allah SWT reward the kindness and sincerity of all parties who have assisted me in completing this final project by bestowing His Blessings and Grace.

ABSTRACT

THE EFFECT OF THE INFLATION AND INTEREST RATE ON THE EXCHANGE RATE IN INDONESIA

Arifin, Taufik Nur. 2023 (xiii + 37 pages)

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At the end of 2019, Wuhan, China, saw the start of the COVID-19 epidemic that eventually spread across the globe. Early in 2020, the COVID-19 epidemic reached Indonesia. The COVID-19 pandemic has resulted in several changes in many different fields, including the economic, social, and educational sectors. Depreciation has a significant negative effect on the rupiah's exchange rate with the dollar. The purpose of this study is to examine the factors that influence changes in currency exchange rates. In particular, this study discusses the effect of inflation and interest rates on exchange rates in Indonesia. This study uses a quantitative approach. The data was collected from secondary data through the websites of Bank Indonesia (BI), which is monthly time series data from 2018 to 2022. For the sample, 60 observations were used for Indonesian monthly data from 2018 to 2022. The collected data was analyzed using EViews. The results of the study state that inflation has a positive and significant effect on the exchange rate. Meanwhile, the interest rate has a negative and insignificant effect on the exchange rate. This study is also equipped with a discussion, limitations, suggestions, and conclusions.

Keyword: Exchange Rate, Interest Rate, Inflation

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