

V. CONCLUSION AND IMPLICATION

A. Conclusion

Based on the results of the discussion of interest rates, foreign debt, net exports, and world oil prices on Rupiah exchange rates against US dollar in Indonesia, it can be concluded:

1. Together the variables BI interest rate, foreign debt, net exports, and world oil price have a significant effect on the Rupiah exchange rate against the US dollar. Partially the influence of the independent variable on the dependent variable is as follows:
 - a. BI interest rates had positive and significant effect on Rupiah exchange rates against US dollar in Indonesia 2003-2022.
 - b. Foreign debt had positive and significant effect on Rupiah exchange rates against US dollar in Indonesia 2003-2022.
 - c. Net exports had positive insignificant effect on Rupiah exchange rates against US dollar in Indonesia 2003-2022.
 - d. World oil prices had negative and significant effect on Rupiah exchange rates against US dollar in Indonesia 2003-2022.
2. The variable that most influences the Rupiah exchange rate against the US dollar is BI interest rate.

B. Implication

From the results of research analysis and the conclusions that have been explained, then there are several implications, namely as follow:

1. a. BI interest rates have a significant positive effect on the rupiah exchange rate against the US dollar. This can happen because interest rates determine the added value of a country's currency. Interest rates are also a reward for investment activities. The higher the interest rate in Indonesia compared to interest rates abroad, the more foreign investors will invest in Indonesia. Therefore, Bank Indonesia is expected to maintain the stability of Indonesia's interest rates so that the Rupiah exchange rate is also maintained.
- b. Foreign debt has a significant positive effect on the Rupiah exchange rate against the US dollar. However, given that foreign debt has a significant impact on the exchange rate, the government should manage foreign debt carefully and utilize foreign debt to acquire more productive assets to mitigate exchange rate risk.
- c. World oil prices have a negative and significant effect on the Rupiah exchange rate against the US dollar. This means that an increase in world oil prices will affect the rupiah exchange rate because Indonesia is an oil importing country. The increase in world oil prices will cause Indonesia to buy oil at a higher price so that payments in dollars increase which causes the rupiah exchange rate to depreciate. Therefore, it is expected that the government will

further reduce its dependence on world crude oil and try to replace the use of fossil-based fuels with other fuel alternatives, such as electricity and BBG (gas fuel).

2. The variable that most influences the Rupiah exchange rate against the US dollar is BI interest rate, therefore, Bank Indonesia is expected to maintain the stability of Indonesia's interest rates so that the Rupiah exchange rate is also maintained.

C. Limitations of Research

There was too little data at the beginning of the experiment which made a lot of data not pass the test, so it is suggested for further research to add the amount of data, time period and variables.

