

V. CONCLUSION AND SUGGESTION

A. Conclusion

Exchange Rate have significant positive effect on inflation. BI rate and Gross Domestic Bruto has significant negative effect on inflation. Money Supply, SBI, Interbank Interest Rate and import does not have significant effect on inflation.

B. Suggestion

In controlling inflation is required good coordination between the central bank and the government. In addition to economic factors, the authors mentioned, there are also other factors that cause inflation, such as security and politics. In setting interest rates BI BI rate is expected to have a quick response to respond to price changes in order to avoid time-lag is relatively long. BI and the government needs to cooperate in controlling the exchange rate, because the exchange rate is influenced by many factors. In terms of GDP controlling very large government role in efforts to encourage the production of goods, and therefore required the right policy objectives. In terms of setting policy SBI, the amount of money in circulation and interbank BI must be quick and precise response bias that affects the price level prices.