THE INFLUENCE OF EXCHANGE RATE AND INFLATION ON ECONOMY GROWTH OF BENGKALIS REGENCY

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ABSTRACT

Developing countries tend to experience inflation, a country with high and unstable inflation is a reflection of the instability of a country's economy. The purpose of this study was to analyze the effect of inflation and exchange rates partially and simultaneously on economic growth in Bengkalis Regency. The type of data required is the type of secondary data, which means that the data that has been finished or published is taken from BPS (Central Statistics Agency) Indonesia data and also Bengkalis in numbers with period 19 years (2003-2021). Data processing used the IBM SPSS version 25 application with multiple linier regression analysis testing which included T-test, F-test, and the Coefficient Determination (R^2). The results of this study indicate that: 1) Exchange Rate has a positive and significant effect on economic growth in Bengkalis Regency, 2) Inflation has a negative and significant effect on economic growth in Bengkalis Regency. Therefore, if the Exchange Rate increases, it will have a positive impact on economic growth, as well as inflation, if it increases, it will have a negative effect on economic growth in Bengkalis Regency, 3) the coefficient of determination (R^2) is 0.931. This means that exchange rate and inflation affect economic growth in Bengkalis regency by 93.1% while the remaining 6.9% is influenced by other variables not examined in this study.

Keywords: Exchange Rate, Inflation, Economy Growth.