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THE INFLUENCE OF EXPORTS, IMPORTS, MONEY SUPPLY AND INTEREST RATES ON THE RUPIAH EXCHANGE RATE IN INDONESIA (1994-2023)

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ABSTRACT

This research aims to analyze the influence of exports, imports, money supply and interest rates on the Rupiah exchange rate in Indonesia. Using the multiple linear regression method and time series data for the period 1994 to 2023. The research results show that the export variables and interest rates have a significant positive influence on the Rupiah exchange rate. On the other hand, the import variables and money supply have a significant negative influence on the Rupiah exchange rate. This finding is in accordance with macroeconomic theory which states that increases in exports and interest rates encourage exchange rate appreciation, while increases in imports cause exchange rate depreciation. This research provides a link that government policy in increasing exports and stable interest rates is very important in supporting the stability and strengthening of the Rupiah exchange rate. On the other hand, policies related to imports and the money supply must be reviewed to reduce their negative impact on the exchange rate. It is hoped that the results of this research can be used as consideration for policy makers in designing more effective macroeconomic strategies to strengthen the national currency.
Keywords: *Rupiah Exchange Rate, Exports, Imports, Money Supply, Interest Rates*

1. Introduction

International trade is an important aspect of the economy of every country in the world. With international trade, economies will be intertwined and economic relations will be created that mutually influence the traffic of goods and services, which will shape trade between countries (Raspita, 2021). The Indonesian economy refers to an open economy (Adhista, 2022). Which includes output trading activities (goods or services) and capital with other countries (Rostiana *et al* ., 2022; Suparmoko, 2014). In carrying out trade activities between countries, currency is very important because each country uses a different currency. The exchange rate (exchange rate) with other countries' currencies is the main component in an open economy (Manihuruk *et al,* 2023). International trade certainly requires an agreed currency to be used in trade transactions, namely the US dollar (United States). The use of US dollars causes the exchange rate of the rupiah against the dollar to fluctuate from time to time. This can lead to the risk of changes in currency exchange rates which arise due to uncertainty in the exchange rate itself (Muzaky, 2015).

Each value of a particular currency has the same purchasing power as that currency when used (Adhista, 2022; Silitonga *et al* , 2017). This means that the price of similar goods in two different countries will be valued the same in their currencies. A country's central bank has the role of maintaining the stability of the national currency exchange rate in international money. Success in maintaining exchange rate stability can be considered as an indication that the country's economy is running well (Mutiara & Puspitasari , 2024). The exchange rate describes the comparison of the purchasing power of each country's currency, which basically reflects the level of inflation (Djulius *et al* ., 2022; Setiawan *et al* ., 2021). Exchange rates play an important role in determining profits and losses in foreign trade transactions. Changes in exchange rates can influence economic decisions and business strategies at the international level (Manihuruk *et al* , 2023). Exchange rates are key in understanding global economic dynamics and economic relations between countries (Fordatkosu *et al* ., 2021).

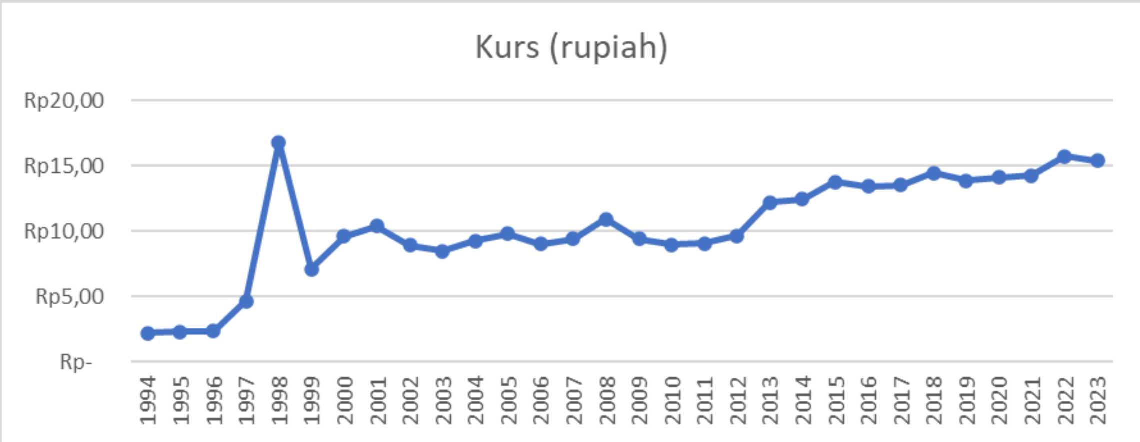

Figure 1. Development of the Rupiah Exchange Rate per US Dollar
Source: Central Statistics Agency, One Trade Data

In Figure 1 you can see data on the rate of movement of the rupiah exchange rate against the US dollar from 1994 to 2023. In 1998 the exchange rate movement appeared to be very weak. This is because Indonesia is experiencing a monetary crisis, so the value of the rupiah reaches IDR 16,650. After experiencing a monetary crisis, the Indonesian economy began to recover from its downturn. In 2000-2012 the rupiah exchange rate experienced a fluctuating trend every year. In 2020 – 2022 the rupiah exchange rate against the US dollar continues to weaken. The weakening of the rupiah exchange rate due to the spread of the Covid-19 pandemic throughout the world,

Changes in the exchange rate have a direct effect on developments in the prices of goods and services in the country. Changes in currency exchange rates also have an impact on currency appreciation and depreciation (Wilya, 2014). The exchange of goods and services (exports and imports) requires money as a means of payment, where the distribution of money in one country greatly influences that country's economic activities (Silitonga *et al* , 2017).

Table 1 shows the development of Indonesia's exports in 1990-2018. The value of Indonesia's exports experienced fluctuations, seen from 1990 the export value was 25675.3, experiencing an increase in 1991 of 29142.4. In 1992 it was 33967.0 in 1993 to

Exports are the sending and selling of goods and services produced abroad to foreign countries. The increasing number of exports will cause demand for domestic currency to rise and the Rupiah exchange rate to strengthen (Adhista, 2022) . Export is also a trading activity by removing goods from within Indonesian territory to outside Indonesian customs territory (Sabtiadi & Kartikasari, 2018). Exports also contribute to strengthening the national economy, increasing employment opportunities and overall economic growth. Therefore, exports are an integral element in strengthening a nation's competitiveness and economic position on the global stage (Che Arshad & Irijanto, 2023; Djulius *et al* ., 2022; Nurhayati *et al.,* 2023).

Study (Uktufia & Septiani, 2022), Regarding the relationship between exports and the exchange rate, found that high total exports in a country can increase the demand for domestic currency. Thus, the country's exchange rate can experience appreciation or strengthen against the currencies of other countries. This indicates that the stability of the rupiah exchange rate per US dollar is positively influenced by exports.

Another factor that can influence the exchange rate is imports (Adhista, 2022). Imports are one component of international buying and selling activities which are carried out by importing products from other countries into the country (Sunardiyaningsih & Pradiptha, 2022). Countries that import goods and services are countries that cannot produce goods and services by domestic industry, and can afford them at low prices as cheap as exporting countries (Triyawan *et al* 2023).

Apart from that, the money supply is a factor that influences the exchange rate. An increase in the money supply (JUB) can trigger public consumption, both for domestic and imported goods (Anggarini, 2016). The amount of money in circulation will have an impact on the movement of the rupiah exchange rate against the US dollar. Where the money supply depends on the supply of money, if the supply of the rupiah increases then its value will depreciate, whereas if the supply of the rupiah decreases then the value of the rupiah currency will appreciate (Fordatkosu *et al.,* 2021).

According to (Diana & Dewi, 2019) the interest rate in this case greatly influences the exchange rate of one currency against another currency. The interest rate determines the added value of a country's currency. Interest rates are regulated by the central bank, and if in the long term the central bank always raises interest rates, the trend in the country's currency exchange rate against other countries will tend to rise. This will continue until there are other influencing factors or the central bank reduces interest rates again. The interest rate is the fee that the borrower must pay for the loan received and is the lender's reward for the funds (Yudiarti, 2018). With higher interest rates it will be possible increasing demand for currency, the opposite relationship is that lower interest rates tend to reduce the exchange rate (Mirchandani, 2013). Interest rates and exchange rates are closely related, each of which has driven progress in investor behavior and macroeconomic relations. Both are important for understanding the role of openness in financial markets (Engel, 2016).

In previous research, many have used exports, imports, money supply and interest rates as independent variables and focused on their influence in the long term, for example (Fordatkosu *et al.,* 2021) Indonesian exports have a significant positive effect on the rupiah/US dollar exchange rate. in Indonesia, Indonesian imports have a significant effect on the rupiah/us dollar exchange rate because import activities affect the amount of demand for a country's currency, and . The money supply has a positive and significant effect on the rupiah/us dollar exchange rate. This indicates that the exchange rate in Indonesia is determined by changes in the money supply in the same direction. If the money supply increases, the exchange rate will also increase and vice versa, if the money supply decreases, the exchange rate will weaken, Research (Mutiara & Puspitasari, 2022) The export variable has a coefficient value of 0.095 and a significance value of 0.007 <0.05, so it can be concluded that the export variable has a positive and significant influence on the stability of the value of the rupiah against the US dollar. Meanwhile, the import variable has a coefficient value of 0.004 and a significance value of 0.919 > 0.05, which means that imports have a positive but not significant influence on the stability of the value of the rupiah against the US dollar. . In a study researched by (Diana & Dewi, 2019) which explains the influence of interest rates on the exchange rate, it is said that interest rates have a positive effect on the exchange rate. In research (Fordatkosu *et al.,* 2021), (Adhista, 2022) & (Manihuruk et al. 2023) discuss the same variables as this research. It is interesting to examine the factors that influence exports, imports and Indonesia's money supply on the exchange rate of the rupiah against the United States dollar which fluctuates every year. This study is different from previous studies such as research conducted by (Adhista, 2022), (Silitonga *et al,* 2017) because this study uses the latest data from previous research, namely using data from 1994 - 2023. This study provides a deeper analysis. details about the implications of monetary policy related to the money supply and exchange rate stability.

This research aims to analyze the causal relationship and impact between the volume of exports, imports and money supply on fluctuations in the rupiah exchange rate against the US$ currency. In this research, we examine the relationship between independent variables and the exchange rate and can determine the relative influence of each variable on the rupiah exchange rate. This objective can provide useful information for policy makers in formulating appropriate policies to maintain the stability of the rupiah exchange rate and assist economic actors in making investment and international trade decisions.

2. Literature Review

Purchasing power parity theory was put forward by Gustav Basel, who stated that the comparison of the value of a currency to another is determined by the purchasing power of that money in each country (Adhista, 2022; Silitonga *et al,* 2017). The basic theory is that the comparison of the value of one currency with another currency is determined by the purchasing power of that money (for goods and factors that influence the demand for foreign currency and the supply of foreign currency. The demand and supply of foreign currency is what determines the high and low foreign exchange rates that country (Wulandari, 2014). The demand for foreign currency describes the amount of certain foreign currency that residents of a country want to make payment transactions abroad, while the supply of foreign currency describes the amount of certain foreign currency offered by residents of a country. country, the supply of foreign exchange comes from exports, in the market for a good, the price is determined in a situation where supply and demand for goods reach balance (Silitonga et al, 2017).

International trade activities provide stimulation for domestic demand which causes the growth of large factory industries, along with a stable political structure and flexible social institutions. Based on the description above, it can be seen that exports reflect international trade activities which can provide encouragement in the dynamics of international trade growth, so that developing countries are likely to achieve economic progress on a par with more developed countries (Benny, 2014). Exports are the activity of selling products from one country to another across the outer borders of a country's customs territory, with the aim of obtaining much-needed foreign exchange for the country, creating jobs for the domestic labor market, obtaining income from export duties and other taxes, and maintaining a balance between flows. goods and money flows circulating within the country (Fordatkosu *et al,* 2021). Exports were initially only carried out by companies in the form of legal entities that had obtained permission from the Ministry of Trade. Exporters are entrepreneurs who can export, who already have a SIUP or business permit from the Technical Department/Non-Departmental Government Agency based on applicable regulations. Export is the activity of removing goods from the customs area (Law No.17 of 2006) (Sabtiadi & Kartikasari, 2018).

Imports are the process of purchasing foreign goods or services from one country to another. Import levels are influenced by trade regulatory barriers (Adhista, 2022). The government imposes tariffs (taxes) on imported products, these taxes are usually paid directly by the importer, who will then pass on to consumers in the form of higher prices for their products. When foreign governments impose tariffs, the ability of foreign companies to compete in those countries is limited. The government can also apply quotas on imported products, which limit the number of products that can be imported (Silitonga *et al,* 2017). The amount of import value is influenced by the level of national income of a country, where the higher the national income, the lower the level of production of domestic goods, so that imports tend to increase as a result of a significant decrease in domestic income (Siti Hodijah, 2021). High import growth will worsen the current account balance and usually give rise to indications of an impending exchange rate crisis. A large increase in demand for foreign commodities (increased imports) will tend to depreciate the value of the rupiah currency. This increase in imports will tend to increase the chance of an exchange rate crisis (Yuliyanti, 2014). Based on the trade approach (*Trade Approch*) or the elasticity approach to exchange rate formation (*Elasticity to Exchange Rate Determination*) explains that the difference in exchange rates between two countries is influenced by the volume of trade between the two countries. If a country has imports that are greater than exports or experiences a trade balance deficit, the exchange rate will weaken and vice versa. Through this theory, it can be concluded that this relationship is not significant because in several periods Indonesia still experienced a trade balance surplus, which means that Indonesia's exports were still greater than its imports as well as the influence of other factors not discussed in this research (Adhista, 2022).

The money supply is money held in the hands of the public, which is often called *the money supply* (supply of money) (Fordatkosu *et al.,* 2021) . There are several definitions of money, each of which differs according to the level of liquidity. Types of money are divided into 3, namely M1, M2 and M3. M1 is paper money and metal plus savings in the form of a checking account (*demand deposit*). M2 is M1 + savings + *time deposits* at commercial banks. M3 is M2 + savings + time deposits at non-bank savings institutions (Yuliyanti, 2014).

According to (Zakiyah & Usman, 2019) the money supply theory is that the stock of money circulating in a country's economy will determine the rate of prices of goods. There is a relationship between changes in the money supply and changes in national income. Economic fluctuations are caused by changes in the money supply, which is an important factor that causes changes in national income receipts. It can be concluded that if the money supply increases, national income increases with a positive correlation. In research conducted (Yuliyanti, 2014) it shows that in the short term the money supply is not significant to the rupiah/US dollar exchange rate. In the long term, the Money Supply (M2) has a positive and significant influence on the rupiah/US dollar exchange rate.

Interest rates are one of the fundamental concepts in economics and finance which have been the object of extensive and in-depth research. A number of previous studies have examined the influence of interest rates on various economic and financial aspects, such as investment, consumption, economic growth and financial stability. In his study, Mishkin (2019) revealed that interest rates are the price that borrowers must pay to obtain funds from lenders. Interest rates not only influence individual decisions in terms of consumption and investment, but also have a significant impact on the economy as a whole. Research conducted by Blanchard (2017) shows that interest rate policies carried out by central banks can be used as a tool to control the demand and supply of money in society, as well as influencing economic growth.

Furthermore, Mankiw (2018) explained that high interest rates tend to encourage people to save more than consume, while low interest rates encourage consumption and investment. This is in line with the findings of Samuelson and Nordhaus (2010) who state that interest rates play an important role in the allocation of economic resources, where high interest rates can divert resources from less productive sectors to more productive sectors. Apart from that, research conducted by Dornbusch, Fischer, and Startz (2018) revealed that interest rates also influence a country's currency exchange rate. High interest rates can attract foreign capital flows and increase demand for domestic currency, while low interest rates can cause a weakening of the domestic currency exchange rate.

According to (Munthe & Hamdi, 2015) the exchange rate is the price of local currency against foreign currency. So, the exchange rate is the value of a Rupiah currency translated into another country's currency. The exchange rate of a currency is determined by the supply-demand relationship *for* that currency. If the demand for a currency increases, while the supply remains constant or decreases, then the exchange rate of that currency will rise. If the supply of a currency increases, while demand remains constant or decreases, then the currency's exchange rate will weaken. The rupiah exchange rate weakened because supply was high, while demand was low (Silitonga *et al,* 2017). The existence of economic openness has an impact on a country's balance of payments regarding trade flows and capital traffic. Trade flows can be influenced by exchange rate policies in an effort to maintain export competitiveness and suppress imports to reduce the current account deficit. The influence of exchange rate policy on the economy can be seen from two sides, namely demand and supply (Adhista, 2022) .

Exchange rate fluctuations can also be affected by the level of exports and imports that occur in a country. This is caused by exports and imports as a form of international trade which requires supply and demand for the currency of the country concerned. Previous research regarding the impact of exports and imports on the rupiah exchange rate found by (Uktufia & Septiani, 2022) concluded that exchange rate stability can be influenced by the large volume of imports & exports of a country. High volumes of imports and exports can result in an increase in the value of the local currency, because demand for the domestic currency increases. In response to high levels of imports, demand for foreign currency will also increase, which in turn could trigger a depreciation of the value of the domestic currency in foreign currencies. Research (Manihuruk *et al,* 2023) shows that exports have a negative and significant effect on the rupiah exchange rate, while imports do not have a significant effect. Research (Manihuruk *et al,* 2023) also confirms that there is a significant positive influence of the money supply (M2) on the Rupiah exchange rate in Indonesia. This phenomenon indicates that policies related to managing the money supply can have a positive impact on the stability and movement of the Rupiah exchange rate. This is in accordance with previous research which shows that M2 is a statistically variable variable that has a significant positive impact on the Rupiah/USD exchange rate (Fordatkosu *et al.,* 2021). In this context, the implementation of monetary policy that considers and wisely manages the money supply can be a determining factor in supporting the strengthening of the Rupiah exchange rate.

3. Research Methods

This research was conducted using a quantitative approach and using descriptive analysis. A quantitative approach is taken to test the validity of a theory or hypothesis so that it can be used to strengthen or reject a previous theory and hypothesis. Meanwhile, the descriptive approach aims to explain an indication of the current problem. The type of data used is secondary data obtained from the Central Statistics Agency and trade data. Quantitative research is used to identify and analyze the relationship between independent variables and dependent variables over a certain period of time (1994-2023).

Data were analyzed using multiple linear regression analysis to measure the extent to which exports, imports and money supply influence the rupiah exchange rate. Furthermore, classical assumptions were tested, including using multiple regression, this research made it possible to control other factors that might influence the rupiah exchange rate. The formula for the multiple linear regression analysis equation in this research is written as follows:

$$\boldsymbol{Kurs}_t = \boldsymbol{\beta 0} + \boldsymbol{\beta 1 X}1_t + \boldsymbol{\beta 2}X2_t + \boldsymbol{\beta 3}X3_t + \boldsymbol{\beta 3}X4_t$$

Where:

$Kurs$	: Rupiah exchange rate
β 0	: Constant
β 1, β 2, β 3	: Regression coefficient of variable X
X_1	: Export
X_2	: Import
X_3	: Amount of money in circulation
X_4	: Interest rate
t	: Time series (1994 – 2023)

Table 1. Definition and Operational Variables

Variables	Variable Definition	Unit	Measurement
Exchange Rate of IDR to USD	the price of one country's currency relative to another country's currency.	Rupiah	*US* $ 1 x Rp
Export	delivery and sale of goods and services produced domestically to foreign countries.	Million USD	Total Exports
Import	Expenditures from the activity of bringing goods, services or products from abroad into a country.	Million USD	Total Imports
The amount of money in circulation	The total amount of money held by society and used in a country's economic activities at a given time.	Billion Rp	Total currency, demand deposits and quasi
Interest rate	the percentage of the loan or savings amount that must be paid or received by the borrower or depositor within a certain period.	Percent %	Reference interest rate

4. Research Findings and Discussion

Statistical descriptions and regression test results are the basis for describing the results of this research. This description is illustrated in the following table:

Table 2. Statistical Description of Research Data

Variables	Obs	Average	Std. Deviation	Min	Max
Export	30	126933.7	69007.57	40053.40	293250.2
Import	30	102529.0	69360.67	19055.70	237447.0
The amount of money in circulation	30	1707.270	2746,741	45.37000	8573.610
Interest rate	30	11.77900	11.22999	3.500000	63.98000

Source: Central Statistics Agency

Table 2 above shows that the number of variables used in this research is 30. Meanwhile, the average export used in this research is 126933.7 thousand and the maximum reaches 293250.2 4 million. The average import used in this study was 102529.0 million rupiah and the maximum reached 237447.0 million rupiah. Apart from that, the average JUB in this study reached 1707,270 billion rupiah and the maximum reached 8573,610 billion rupiah. On the other hand, the interest rate reached 11.8% and the maximum reached 63,98,000%.

The next step The classical assumption test is a prerequisite test that is attempted before carrying out further analysis of the information that has been collected. This classic assumption test is intended to create a regression model that meets the BLUE (Best Linear Unbiased Estimation) criteria which assumes that the estimation results do not have biased parameters Adam et al, (2022). The results of the classical assumptions in this research are explained in table 1 below:

Table 3. Results of Classical Assumption Test

Test summaries		
Normality Test	Prob>Chi2	0.287952
Multicollinearity Test		
• **Export**	VIF Value	6.656749
• **Import**		5.178769
• **The amount of money in circulation**		2.140087
• **Suku Bunga**		1.482353
Heteroscedasticity Test	Prob>Chi2	0.0661
Autocorrelation Test	Prob>Chi2	0.0006

The first assumption is the normality test. The normality test in this research is used to see whether the research data is normally distributed or not (Ghozali, 2013). Based on table 3, the Prob>chi2 value is 0.287952 > 0.05, so based on this value it can be concluded that the regression model has met normality. Second, to detect whether there is a relationship between independent variables in the regression model. If the VIF value is <10.00 then it can be said that there are no symptoms of multicollinearity. Based on the results of the multicollinearity test, it shows that this research is free from symptoms of multicollinearity, this can be seen from the VIF value of each variable being less than 10.00. Third, the heteroscedasticity test is used to see whether there is an imbalance in the variance of the remaining observations from one observation to another in the regression equation (Ghozali 2013). There is no heteroscedasticity problem in the regression model if the significance value is more than 0.05. Heteroscedasticity test results. Based on these results, it shows a probability value of 0.0661 > 0.05, which indicates that the data is homogeneous/homosedastic. The fourth is the autocorrelation test which is used to see whether the regression model has an autocorrelation problem using the Breusch-Godfrey Serial Correlation LM test method. Table 3 shows the significance value, namely 0.0746 > 0.05, so it can be concluded that the regression model does not have an autocorrelation problem.

Table 4. Results of Multiple Regression Analysis

Variables	Coefficient	Std. Error	t-Statistics	Prob.
C	2293.179	1730.186	1.325394	0.1970
Export	0.058421	0.018326	3.187957	0.0038**
Import	-0.014718	0.016081	-0.915227	0.3688
Money Supply	0.236271	0.261049	0.905084	0.3741
Interest rate	152.0184	53.13979	2.860727	0.0084**
Value Test				
R-squered	0.611061			
Adjusted R-squared	0.548831			
F-statistic	9.819375			
Prob(F-statistic)	0.000065			

Notes: Significance Level: 1% (0.001)***; 5% (0.05)**; 10% (0.1)*. Dependent variable is Output of exchange rate

From the results of multiple linear analysis, the following equation is obtained:

Exchange rate $_{it} = 2293.179 + 0.058421 Export_t - 0.014718 Import_t + 0.236271 TotalCurrency_t + 152.0184\ Interest\ rate_t$

Where the constant coefficient value, namely 2293.179, is the value of the exchange rate variable which is estimated when all independent variables are zero, then the exchange rate value is estimated at IDR 2293.179 . The coefficient value of 0.058421 for the Export variable shows the expected change in the exchange rate if exports increase by one unit, ignoring the impact of other variables. These results also show that exports have a positive relationship with value, meaning that an increase in the value of exports tends to contribute to an increase in the exchange rate.

The Import variable has a coefficient value of -0.014718 indicating the expected change in the exchange rate if imports increase by one unit, ignoring the impact of other variables. These results also show that imports have a negative relationship with the exchange rate, meaning that an increase in the value of imports will contribute to a decrease in the exchange rate.

The coefficient value of 0.236271 on the variable Money supply shows the expected change in the exchange rate if the money supply increases by one unit, ignoring the impact of other variables. These results also show that JUB (M2) has a positive relationship with the exchange rate, meaning that an increase in the value of the money supply tends to contribute to an increase in the value of the exchange rate.

The coefficient value of 152.0184 on the variable Total interest rates shows the expected change in the exchange rate if the Total interest rate increases by one unit, ignoring the impact of other variables. These results also show that interest rates have a positive relationship with the exchange rate, meaning that an increase in the value of the money supply tends to contribute to an increase in the value of the exchange rate.

From the explanation above, where the absolute value of the coefficient increases, the influence of the independent variables on changes in the Rupiah exchange rate (exchange rate) against the US dollar will be greater.

In the t test, the results obtained for the export variable had a t-statistic value of 3.187957 with a value of Prob. equal to 0.0038 < 0.05, then exports affect the rupiah exchange rate significantly. The imported variable has a value of -0.915227 Prob. amounting to 0.3688 < 0.05, meaning that imports do not significantly affect the rupiah exchange rate. M2 or money supply in the t test has a value of 0.905084 with Prob. amounting to 0.3741 < 0.05, then the same as imports, the M2 variable does not have a significant effect on the rupiah exchange rate against the US dollar. The interest rate in the t test has a statistical test value of 2.860727 with a value of Prob. equal to 0.0084 < 0.05, then the interest rate influences the rupiah exchange rate significantly.

The R-squared value is 0.611061 , meaning that the significant variables exports, imports and money supply (M2) on the rupiah exchange rate are 61.1%, while the remaining 38.9% is influenced by other variables that do not contribute to this research. Next, the F test aims to show whether all the independent variables included in the model have a joint influence on the dependent variable or dependent variable. It is known in table 6 above that the probability value of F is 0.000065 <, it can be concluded that the variables in this research, namely exports, imports, money supply and interest rates together have an influence on the exchange rate variable.

The research results obtained indicate that in particular, in the long term, the export variable has a positive and significant impact on the rupiah exchange rate. This is different from research (Sabtiadi & Kartikasari, 2018) which states that exports do not have a significant effect on the rupiah exchange rate. This phenomenon provides a substantial basis for detailing and understanding more deeply how changes in export activity can directly affect the rupiah exchange rate.

Research indicates that there is a positive and insignificant influence from import activities on the Rupiah exchange rate in Indonesia. Nevertheless, the importance of controlling imports remains relevant, especially to maintain balance in the trade and production sectors of goods and services in Indonesia. Even though imports do not directly affect the Rupiah exchange rate, efforts to control import activities remain an important aspect in managing the country's economy. The results of this research are in accordance with previous similar research where imports have a positive influence on the Rupiah exchange rate against the USD, because import activities have an impact on the volume of demand for a country's currency because these activities can also cause an increase in demand for the currency of the importing country. This can cause a weakening of the value of the domestic currency (Silitonga & Ishak, 2017). This can help maintain economic stability, prevent excessive trade deficits, and support the growth of the national industrial sector. Thus, control of imports is still considered a vital element in designing holistic and sustainable economic policies in Indonesia (Diana & Dewi, 2019).

Research confirms that there is a significant negative influence of the money supply (M2) on the Rupiah exchange rate in Indonesia. This is the same as research conducted by Yuliyanti, 2014 where the money supply does not have a significant effect on the exchange rate. This phenomenon indicates that policies related to managing the money supply can have a positive impact on the stability and movement of the Rupiah exchange rate. This is in accordance with previous research which shows that M2 is a statistically variable variable that has a significant positive impact on the Rupiah/USD exchange rate (Fordatkosu et al., 2021). In this context, the implementation of monetary policy that considers and manages wisely the money supply can be a determining factor in supporting the strengthening of the Rupiah exchange rate. Therefore, these findings carry the implication that actions and policies that influence the money supply can be a relevant instrument in efforts maintaining the stability of the national currency. As a result, awareness of the relationship between monetary policy, money supply and the Rupiah exchange rate is crucial for designing effective and sustainable economic policy strategies.

This research provides a more in-depth picture of the importance of export activities in influencing the Rupiah exchange rate. Apart from making a significant contribution to economic growth, exports also have an important role in maintaining exchange rate stability. As one of the main drivers of economic growth, exports can be a vital indicator of a country's economic health. The implication is that the government and economic actors need to consider strategies to increase the competitiveness of export products, maintain exchange rate stability in the long term, and respond quickly to global market dynamics.

According to (Adhista, 2022) imports do not have a significant influence on the Rupiah exchange rate. It should be noted that controls on imports still have significant relevance. These controls can help prevent excessive trade deficits, maintain economic balance, and support the domestic industrial sector. From a policy perspective, import control strategies need to be implemented wisely to optimize their benefits for national economic stability.

The finding that interest rates have a significant positive influence on the Rupiah exchange rate provides the basis for more targeted monetary policy. Interest rate policy is key in supporting exchange rate stability. The implication is that monetary policy needs to be implemented carefully, considering its impact on the Rupiah exchange rate. The balance between growth in the money supply and exchange rate stability is the main focus in supporting healthy economic growth.

5. Conclusions

Based on the results of the regression analysis, several economic factors have different influences on the Rupiah exchange rate against the US Dollar. This analysis includes the variables of exports, imports, money supply (JUB/M2), and interest rates, with the results:

Export Effect: The results of the analysis show that exports have a positive and significant influence on the Rupiah exchange rate. This means that an increase in exports tends to strengthen the value of the Rupiah against the US Dollar. This could be due to an increase in demand for the Rupiah due to higher international trade transactions, which in turn increases the value of the domestic currency.

Import Effect: In contrast, imports do not show a significant influence on the Rupiah exchange rate. Although imports also involve foreign currency transactions, the data shows that the volume is not strong enough to have a meaningful impact on the Rupiah exchange rate in the context of this analysis.

Effect of Money Supply (JUB/M2): The analysis shows that money supply has a positive but insignificant influence on the Rupiah exchange rate. This means that an increase in JUB does not directly cause a meaningful change in the Rupiah exchange rate. This may be due to the influence of other factors that are more dominant in determining the exchange rate.

Effect of Interest Rate: Interest rates are found to have a positive and significant influence on the Rupiah exchange rate. An increase in domestic interest rates tends to strengthen the value of the Rupiah. This is because higher interest rates attract foreign investment into the country, which increases the demand for Rupiah.

Strategies to strengthen the Rupiah exchange rate should focus on increasing exports and effective interest rate management, while keeping an eye on overall economic policies to create stability and sustainable growth.

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