

ABSTRACT

This study aims to analyze the factors that influence investment in Central Java. These factors consist of interest rates, inflation, and GDRP. This study uses time series data from 1990-2021. Source of data used in this research is secondary data. The data used comes from the Central Java publication in Figures, as well as other sources through Badan Pusat Statistik and Bank Indonesia. The analytical method used in this study is multiple regression analysis (OLS) with the Partial Adjustment Model (PAM) method and the programming used to analyze the data in this study is the Eviews 10 and SPSS 21 applications.

The results obtained from this study are that interest rates in the short term and long term have a negative and significant effect on investment in Central Java. Inflation in the short term and long term has a positive and insignificant effect on investment in Central Java. GDRP in the short and long term has a negative and significant effect on investment in Central Java. Interest rates, inflation and GDRP simultaneously have a significant effect on investment in Central Java.

Keywords: Investment, Interest Rate, Inflation, GDRP, Partial Adjustment Model (PAM)