

ABSTRACT

Indonesia aims to maintain and achieve low and stable inflation through various economic policies. But in fact, Inflation in Indonesia tends to fluctuate, which indicates volatility. Based on inflation data in 2022-2023 there is a tendency for high volatility, compared to previous years. This study aims to analyze the effect of macroeconomic variables selected in this study on the volatility of Inflation in Indonesia during the period 2008-2023. The data used in this study are money (M1), lending rates, net exports and exchange rates. The method used in this study is the ARCH-GARCH method to measure the volatility of Inflation and the volatility of macroeconomic variables, and the VAR-VECM method to analyze the effect of volatility of macroeconomic variables on inflation volatility. The results show that an increase in money volatility (M1), lending rate volatility, and net export volatility tends to reduce inflation volatility. Meanwhile, an increase in exchange rate volatility causes an increase in inflation volatility.

Keywords: *Inflation Volatility, Money (M1), Lending Rate Volatility, Net Export Volatility, Exchange Rate Volatility, Macroeconomic Uncertainty*