

## **ABSTRACT**

*Domestic investment is essentially the first step of economic activity, which is very important component in contributing to national income in this country.*

*This study aims to analyze the effects of inflation, interest rate credit, labor, and the exchange rate of Rp/US \$ towards domestic investment in Indonesia. This study uses OLS econometric analysis method to determine the factor domestic investment in Indonesia.*

*Econometric analysis indicates that inflation and interest rate credit is not significant effects on domestic investment, while the two other variables namely labor, and the exchange rate of Rp/US\$ were significant effects on domestic investment in Indonesia.*

*Advice given in this study the government should provide the development of integrated systems such as education, skills training commensurate with the needs labor market, because the availability of qualified workforce would further increase the power struggle in increasing production capacity which could further increase the interest of investor to invest in this country. Other than that the government should anticipate the low exchange rate with the revaluation policy to increase the exchange rate against foreign exchange rate. Due to the exchange rate of Rp/US \$ appreciation can add to the excitement of domestic investment.*

***Key words : Domestic Investment in Indonesia, Inflation, Interest Rate Credit, Labor, Exchange Rate of Rp/US \$, OLS***