

## **ABSTRACT**

*Inflation is still a problem in itself for the State of Indonesia, where every year it always fluctuates, causing uncertainty for the economy. This study aims to determine the effect of the money supply, gross domestic product (GDP), world oil prices, and exchange rates on inflation in the short and long term in Indonesia.*

*The type of data used is secondary data obtained from the official websites of the International Monetary Fund, World Bank, and U.S Energy Information Administration in the form of time series data in the period 1988-2019. The method used is the error correction model (ECM).*

*The results show that the ECT coefficient value (-1) is -0.8940, which means that short-term fluctuations in balance will be corrected towards long-term equilibrium quickly. Simultaneously, the variables used in this study have a significant effect on inflation. In the short term only gross domestic product (GDP) has a significant negative effect on inflation in Indonesia, in the long term GDP and the exchange rate have a significant negative effect on inflation, while the money supply and world oil prices have no significant effect on inflation in Indonesia in 1988- 2019.*

*Keywords: ECM, Inflation, JUB, GDP, World Oil Price, Exchange Rate*