

(REVIEW ARTICLE)



## Analysis of post COVID-19 economic recovery on inflation fluctuation management in Indonesia

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### Abstract

This research aims to find out, explain and test the Post-COVID-19 Economic Recovery Analysis of Inflation Fluctuation Management in Indonesia. This research uses quantitative methods with a descriptive and verification approach by collecting presentations through a process of analysis and hypothesis testing. The data used is secondary data, namely from Ceic Data, Trading Economics and Bank Indonesia for 2019-2023. The data analysis method in this research uses a difference test where this model is used to analyze pre-post or before and after research models. The research results show that there are significant differences in inflation and exchange rates during COVID-19 and post-COVID-19. Post-COVID-19 economic recovery policies such as fiscal stimulus and quantitative easing were able to reduce inflation and stabilize the exchange rate. Coordination is needed between the central, regional and monetary authorities to maintain macroeconomic stability after the pandemic. This research concludes that the post-COVID-19 economic recovery policy has succeeded in controlling inflation and the exchange rate in Indonesia, although regular evaluation and refinement of policies is required.

**Keywords:** Inflation; Exchange Rates; COVID-19; Economic Recovery

### 1. Introduction

The COVID-19 pandemic that has been going on since early 2020 has caused a recession in many countries in the world, including Indonesia. The decline in Indonesia's economic performance due to the pandemic was most felt during the first quarter and second quarter of 2020. The Central Statistics Agency (BPS) recorded that Indonesia's economic growth rate fell to minus 5.32% in the second quarter of 2020. Previously, economic growth in the first quarter of 2020 was 2.97% or starting to slow down (Eka Purnama Sari, et al 2021). The COVID-19 pandemic has been going on for almost three years in Indonesia with the number of infected people reaching 5.7 million and causing 150 thousand people to die. Responding to this emergency condition, the government decided to continue the policy of implementing proportional restrictions on community activities (PPKM) throughout Indonesia. This aims to reduce the spread of COVID-19 through limiting mobility and community interaction while still considering the continuity of economic activity which is gradually recovering (Source ekon.go.id, 2021).

The Government's immediate response to reduce the spread of COVID-19 through PSBB cannot avoid reducing economic performance. Policies to overcome the spread of COVID-19 have reduced human mobility and goods and services activities. Consumption, investment, transportation, tourism, production and the confidence of economic actors decreased significantly, which ultimately caused economic growth to fall sharply. A weak economy is a common concern because if it is not addressed immediately it will risk disrupting economic stability and the stability of the financial system, and holding back efforts to accelerate towards becoming a developed country (Source: bi.go.id, 2020).

National economic recovery is carried out by adopting comprehensive fiscal and monetary policies. In addition, the Government has also allocated APBN funds for economic recovery amounting to IDR 695.2 trillion. It is hoped that

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national economic recovery will begin to be felt in the third quarter. Even though it is not growing positively, it is hoped that the national economy will not contract as much as in the second quarter. Next, in the fourth quarter, it is hoped that the national economy will grow positively so that the contraction in 2020 can be kept as small as possible. Meanwhile, in 2021, it is hoped that the national economy will experience a significant recovery (Source: djkn.kemenkeu.go.id, 2020).

To achieve the above objectives, there are 3 (three) policies implemented, namely increasing domestic consumption, increasing business activity and maintaining economic stability and monetary expansion. This policy is implemented simultaneously with synergy between fiscal policy holders, monetary policy holders and related institutions (Source: djkn.kemenkeu.go.id, 2020). Another policy implemented by the government during the COVID-19 period was the Social Safety Net (JPS) program. Some of the programs carried out are social assistance, accelerating the implementation of Pre-Employment Cards and cutting electricity bills. Based on a statement by Imaduddin Abdullah (Indef economic observer) stated that countries that have succeeded in overcoming the impact of COVID-19 are implementing fiscal stimulus in the health sector, reducing the negative impact of COVID-19 and providing business assistance after the pandemic (FEB Public Relations in Nurul Istiqomah, SE, M.Sc).

The fiscal stimulus provided by the government to overcome the COVID-19 Pandemic is IDR. 405.1 trillion which will be given to the health sector amounting to Rp. 75 trillion for purchasing medical equipment, protecting health workers, increasing the capacity of referral hospitals. Meanwhile, for social protection it is IDR. 110 trillion which will be used for 10 million PKH recipients, 20 million basic food card recipients, 5.6 million pre-employment card recipients, as well as KPR installment incentives for Low Income Communities (MBR) and discounts on subsidized electricity rates. The government's intensive tax stimulus and people's business credit stimulus amount to IDR. 75.1 trillion and for economic recovery of 150 trillion which aims to restructure credit as well as guarantee and finance the business world, especially MSMEs (FEB Public Relations in Nurul Istiqomah, SE, M.Si).

The Ministry of Finance, the Financial Services Authority and Bank Indonesia have agreed to continue optimizing the stimulus policies that have been issued to maintain the momentum of accelerating economic recovery which is already starting to appear. A number of economic data show positive figures which are believed to be indicators of national economic recovery, including motor vehicle sales figures, purchasing managers index (PMI), retail sales index, consumer confidence index, cement sales, retail sales and public shopping activities (Source: bi.go.id, 2021).

Communication and synergy with parliament, regional government, the business sector and the financial services industry will continue to be improved to make the National Economic Recovery program more effective which can be directly felt by the community, especially those affected by the economic weakening due to COVID 19. Bank Indonesia will continue to go all out and direct BI policy to encourage economic growth, Bank Indonesia has reduced the policy interest rate 6 (six) times since 2020 by 150 bps to 3.50 percent and carried out liquidity injection (quantitative easing) reaching IDR 796.60 trillion (5.15 percent of GDP) from 2020 to 7 April 2021 (Source: bi.go.id, 2021). In addition, BI relaxed the provisions for down payments for motor vehicle credit/financing and the LTV/FTV ratio for property credit/financing, encouraged transparency in banking Basic Interest Rates (SBDK), strengthened the macro-prudential Intermediation Ratio (RIM/RIM Syariah) policy by including export money orders. as a financing component, as well as gradually implementing disincentive provisions in the form of Giro RIM/RIMS, to encourage the distribution of banking credit/financing to the business world and exports. In order to increase the ease of public transactions in the digital era, especially during the pandemic, BI also continues to encourage the digitalization of payment systems (Source: bi.go.id, 2021).

Some of these policies include expanding the QR Code Indonesian Standard (QRIS) to 12 million merchants, developing BI FAST, the Open Application Programming Interfaces (Open API) payment standard, and continuing to encourage electrification, including regional government finance, social assistance and transportation. In encouraging tourism, BI is always committed to supporting the Proud to Travel Movement #InIndonesiaAja (GBWI) and the National Movement Proudly Made in Indonesia (GBBI), including through the development of MSMEs, including MSMEs in the tourism sector, and tourism hub data (Source: bi.go.id, 2021 ). In the future, OJK will continue to implement policies to reduce volatility in the capital market as well as continue credit and financing restructuring policies and always synergize with Government policies and expand access to financing for MSMEs through digitalization in an ecosystem. MSME credit is starting to experience growth due to the positive impact of government stimulus for MSMEs, which consists of an increase in KUR and interest subsidies. However, middle segment credit (Rp. 500 million to Rp. 25 billion) is still not touched by stimulus. For this reason, OJK is proposing a temporary credit program for medium-sized businesses that will also receive an interest subsidy scheme and government guarantee (Source: bi.go.id, 2021). Meanwhile, the Chairman of Commission XI DPR RI appreciated the speed and accuracy of the Government, OJK and BI policies in dealing with the impact of the COVID 19 pandemic on the economic sector. According to him, with these

various policies and the existence of the Job Creation Law, it is hoped that foreign investors will soon enter Indonesia to accelerate economic recovery. Minister of Tourism and Creative Economy Sandiaga Uno welcomed the efforts of the Ministry of Finance, OJK and Bank Indonesia which have issued policies to encourage the tourism sector as an effort to accelerate economic recovery (Source: bi.go.id, 2021).

The controlled rate of COVID-19 pandemic cases in Indonesia has currently encouraged improvements in national economic conditions, marked by consistent economic growth of above 5% until the third quarter of 2022. The foundations of the domestic economy are also getting stronger with support from increased consumption, investment and exports as sectors. main driver of the economy (Source ekon.go.id, 2023). The strengthening of national economic conditions is also demonstrated by the achievement of the 2022 APBN deficit which was maintained at 2.38%. Apart from that, inflation also remained under control at the level of 5.51% (yoy) and the unemployment rate was also recorded to have decreased to 5.86% in August 2022. These various positive achievements have demonstrated the effectiveness of policies and intensive coordination carried out by the Government (Source econ. go.id, 2023).

The government's policy in dealing with COVID-19 for three years has borne fruit, the government has officially revoked the status of the COVID-19 pandemic in Indonesia and changed it to endemic. The decision was announced directly by President Joko Widodo on Wednesday (21/6/2023). The endemic status was decided after more than three years of the corona virus pandemic hitting the country. Jokowi said that the decision to change the status of the COVID-19 pandemic to endemic had taken many things into consideration, including the increasingly sloping spread of the corona virus and the community's already quite good immunity. Nevertheless, the president still asks the public to be careful and continue to adopt a healthy lifestyle. (Source: Setkab.go.id, 2023).

The government and Bank Indonesia agreed on 5 (five) strategic steps to consistently maintain Consumer Price Index (CPI) inflation within the target range of  $3.0\% \pm 1\%$  in 2023. This agreement was conveyed at the High Level Meeting of the Central Inflation Control Team (HLM TPIP) which was implemented on February 20 2023. The five strategic steps were taken by strengthening coordination at the central and regional levels, namely strengthening policy coordination to maintain macroeconomic stability and encourage national economic growth, maintaining inflation in the Volatile Food (VF) component, especially during National Religious Holidays ( HBKN) so that it is in the range of 3.0% - 5.0%, Strengthening domestic food security through: accelerating the implementation of the food storage program; and expanding cooperation between regions, Strengthening the availability of food data to support the formulation of inflation control policies, Strengthening communication synergies to support the management of people's inflation expectations. (source: bi.go.id).

During the COVID-19 pandemic, it had a negative impact on inflation in Indonesia. The negative impact that occurs is that inflation is very low, where people's purchasing power in October 2020 was at 1.32% until June 2021 at 1.33%. Then in September 2022 the inflation value reached 5.85%, where this value clearly experienced a very significant increase which caused global commodity prices to fluctuate. There has been an increase in the inflation rate in Indonesia due to the effects of the impact of COVID-19 and the post-COVID-19 recovery period. However, in May 2023, the month-on-month inflation figure was lower than the previous month's inflation, which was 4.33%.

Inflation is a general and continuous increase in the prices of goods and services over a certain period of time. An increase in the price of just one or two goods cannot be called inflation unless the increase spreads or results in an increase in the prices of other goods. The opposite of inflation is called deflation (Bank Indonesia). Inflation is an economic problem that can have very broad impacts. If inflation is at a high rate, it will cause slow economic growth, decreasing the value of the rupiah currency. High and unstable inflation is a reflection of economic instability which results in rising prices for goods and services (Amir Salim, et al. 2021). Therefore, inflation is the main target of government policy (Lia Nazliana Nasution, et al. 2020).

Not only Indonesia, various countries around the world also experienced a decline in inflation, and many even experienced deflation. Because this inflation rate is also in line with the economy in various countries which is still shrouded in uncertainty (Bps). High inflation can have a negative impact on the socio-economic conditions of society. Inflation is a form of economic disease that often occurs and is experienced in almost all countries (Rosmaria Sianturi, 2021). A decrease in interest rates can indicate an increase in inflation. According to (Andrianus, 2006) the interest rate is very dominant in influencing inflation compared to the exchange rate. According to (Laksamono, 2000) the interest rate is an indicator in looking at inflation expectations. According to (Saida, 2012) states that the interest rate is the operational target of monetary policy in macroeconomic variables in Indonesia. Opinion (Amrini, 2012) states that there is a negative relationship between interest rates and inflation, where a decrease in interest rates can increase inflation. (Habibah Wahyuni 2019).

Apart from causing an economic recession, the impact of COVID-19 also has an impact on exchange rate depreciation in several countries in the world, including Indonesia. Thus, COVID-19 has an impact on the depreciation of the Rupiah against the US Dollar, and has a decreasing impact on the CSPI, so policy intervention is needed to control the spread of the COVID-19 outbreak, control panic so that it does not impact the Rupiah and the stock market through various stimulus policies (Haryanto, 2020 ). Here we will see how the exchange rate has developed in Indonesia in the face of the COVID-19 pandemic which has rocked the world economy. The exchange rate against USD in Indonesia in April 2020 was 15867 (USD), whereas previously the exchange rate against USD in Indonesia in February 2020 was 13776 (USD). The weakening of the rupiah was overshadowed by the sentiment of increasing interest rates at the US central bank/the federal reserve (the fed). In May 2023 the exchange rate in Indonesia decreased to 14810 (USD). Bank Indonesia continues to strengthen coordination with the Government and related authorities and optimize policy mix strategies to maintain macroeconomic and financial system stability to support further economic recovery (Source: bi.go.id, 2023).

The phenomenon of strengthening and weakening of an exchange rate is the most important condition to pay attention to because it will have an impact on the Indonesian trade process. If an exchange rate weakens, it will have an impact on the price of raw materials for production becoming expensive so that commercial goods production activities experience difficulties. Another impact is that export activities will decrease because the price of exported goods is more expensive compared to countries with a stronger exchange rate. On the other hand, it also has an impact on the inflation rate increasing because the price of goods becomes expensive, thus triggering inflation to increase. With this, exchange rate conditions are very important for the Indonesian economy (Lusiana Puspa Citra Rini, et al. 2023).

The definition of currency exchange rate is the price level agreed upon by residents of two countries to trade with each other (Mankiw, 2006). The price of one currency in terms of another currency (Mishkin, 2011). Exchange rate is an exchange between two different currencies, so you will get a comparison of the value or price between the two currencies (Nopirin, 2013) in (Nisa Alfira, et al. 2021). A country's currency can be exchanged or traded for another country's currency according to the currency exchange rate prevailing in the currency market or what is often called the foreign exchange market. With changes in economic and socio-political conditions that occur in a country, the exchange rate of one country's currency against another country's currency can change substantially. A country's currency is said to have appreciated if its exchange rate relative to another country's currency has increased. On the other hand, a country's currency is said to experience depreciation if its exchange rate relative to another country's currency decreases.

According to Indef economic observer Bhima Yudhistira, the main source of the weakening of the Rupiah was due to the selling action on the stock exchange by foreign investors. Apart from that, the reason for the weakening of the Rupiah is also because the corona virus is increasingly spreading in Indonesia. The exchange rate is a comparison of the value of one country's currency compared to other countries. Exchange rates are often used to measure the level of a country's economy. Currency exchange rates play an important role in trade between countries, where almost most countries in the world are currently involved in free market economic activities. The exchange rate of a country's currency is relative, and is expressed in comparison with the currency of another country. Of course, changes in currency exchange rates will affect trade activities between the two countries. Regarding currency exchange rates is an important topic and often causes misunderstandings in international business. This topic can provide a framework for international business activities. (scholar.unand.ac.id).

Since the COVID-19 pandemic took place, the exchange rate against the US\$ has weakened by -12.4%. If the COVID-19 outbreak is not anticipated, it could result in widespread and prolonged panic. Not only in Indonesia does the currency exchange rate fluctuate, but other countries also experience it. Before the dollar rose due to the impact of COVID-19, the rupiah exchange rate per US dollar was around Rp. 14,000/US\$. During the COVID-19 pandemic, the rupiah had depreciated to Rp. 16,600/per US\$. The rupiah exchange rate will continue to be in a vulnerable position during the spread of the COVID-19 outbreak, which causes panic in global markets that makes foreign funds flee as well as liquidity pressures and the urge to get dollars makes the dollar superior to everything else.

The phenomenon of globalization has an impact on relations between countries throughout the world becoming increasingly close due to the influence of interests between countries to complement each other which depend on international trade. In international trade exchange rates are used for exchange and comparison between two different currencies. Export and import activities in international trade exchange rates play a very important role in that exchange rate movements can influence the competitiveness of export products (in terms of relative prices) (Friska Darnawaty Sitorus, 2018). From the problem phenomena above, the researcher limited the problem to the title: "Analysis of Post-COVID-19 Economic Recovery on the Management of Inflation Fluctuations in Indonesia". This research aims to find out and see the management of inflation fluctuations in Indonesia in the post-COVID-19 economic recovery.

## 2. Material and methods

### 2.1. Paired Sampel t-Test

The different test model used in this research is the paired sample t-test. This different test model is used to analyze pre-post or before-after research models. Paired sample t-test is used if the data is normally distributed. Paired sample t-Test is used by researchers to determine the Post-COVID-19 Economic Recovery on the Management of Inflation Fluctuations in Indonesia. Manually, the t-test formula used for paired samples is as follows:

$$t = \frac{\bar{X}_1 - \bar{X}_2}{\sqrt{\frac{s_1^2}{n_1} + \frac{s_2^2}{n_2} - 2r\left(\frac{s_1}{\sqrt{n_1}}\right)\left(\frac{s_2}{\sqrt{n_2}}\right)}}$$

Where:

$\bar{X}_1$  = sample mean 1

$\bar{X}_2$  = average sample 2

$s_1$  = sample standard deviation 1

$s_2$  = sample standard deviation 2

$s_1^2$  = varians sample 1

$s_2^2$  = varians sample 2

$r$  = correlation between two samples

## 3. Results

### 3.1. Inflation Variable Difference Test Results (INF)

**Table 1** Paired Samples Statistics Output Differential Inflation Test (INF) for Indonesia

Paired Samples Statistics					
		Mean	N	Std. Deviation	Std. Error Mean
Pair 1	INF During COVID-19	2,9385	13	0.32111	0.08906
	Post-COVID-19 INF	2,0631	13	0.62021	0.17201

Source: Research results processed with SPSS, 2024

**Table 2** Paired Samples Statistics Output Differential Inflation Test (INF) for Indonesia

Paired Samples Test									
		Paired Differences					t	df	Sig. (2-tailed)
		Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
					Lower	Upper			
Pair 1	INF During COVID-19 - INF Post COVID-19	0.87538	0.84063	0.23315	0.36740	1.38337	3.755	12	0.003

Source: Research results processed with SPSS, 2024

The criteria for accepting and rejecting the hypothesis are as follows:

- a. Ho is rejected and Ha is accepted if sig (2-tailed) < 0.05
- b. Ho is accepted and ha is rejected if sig (2-tailed) > 0.05

Based on the output from the SPSS 26 program assistance above in tables 1 and 2, the following results are obtained:

Based on the output in table 1 Paired Samples Statistics, the results obtained show that the average inflation rate (INF) in Indonesia during COVID-19 was 29.3% and during post-COVID-19 it fell to 20.6%. The sig (2-tailed) value can be seen in table 2 Paired Samples Test for the Inflation Rate (INF) variable in Indonesia, which is 0.003, which means <0.05. Thus, based on the criteria for acceptance and rejection of the hypothesis, it is known that H0 is rejected and Ha is accepted. This shows that there is a significant difference in Inflation (INF) during the COVID-19 and post-COVID-19 periods during the economic recovery period in Indonesia.

### 3.2. Exchange Rate Variable Difference Test Results (KURS)

**Table 3** Paired Samples Statistics Output of the Indonesian Exchange Rate Difference Test (KURS)

Paired Samples Statistics					
		Mean	N	Std. Deviation	Std. Error Mean
Pair 1	Kurs During COVID-19	14115,3077	13	154,79362	42,93203
	Post-COVID-19 Kurs	14565,6923	13	570,35258	158,18734

Source: Research results processed with SPSS, 2024

**Table 4** Paired Samples Test

Paired Samples Test									
		Paired Differences					T	df	Sig. (2-tailed)
		Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
					Lower	Upper			
Pair 1	KURS During COVID-19 - KURS Post COVID-19	-450,38462	556,64524	154,38561	-786,76197	-114,00726	-2.917	12	0.013

Source: Research results processed with SPSS, 2024

The criteria for accepting and rejecting the hypothesis are as follows:

- a. Ho is rejected and Ha is accepted if sig (2-tailed) < 0.05
- b. Ho is accepted and ha is rejected if sig (2-tailed) > 0.05

Based on the output from the SPSS 26 program assistance above in tables 3 and 4, the following results were obtained: Based on the output from the SPSS 26 program assistance in table 3, the results obtained were that the average exchange rate (KURS) in Indonesia during the COVID-19 period 19 is IDR 14115.3077 and during post-COVID-19 it increases to IDR 14565.6923. The sig (2-tailed) value can be seen from table 4 for the Exchange Rate (KURS) variable in Indonesia, which is 0.013, which means <0.05. Thus, based on the criteria for acceptance and rejection of the hypothesis, it is known that H0 is rejected and Ha is accepted. This shows that there is a significant difference in the Exchange Rate (KURS) during the COVID-19 and post-COVID-19 periods during the economic recovery period in Indonesia.

## 4. Discussion

### 4.1. Inflation Variable Difference Test (INF)

At the beginning of the COVID-19 pandemic, the inflation rate (INF) in Indonesia was very low due to a decrease in demand and slowing economic activity and the results also show that there was a significant difference in inflation (INF) during the COVID-19 pandemic and during the post-COVID pandemic. -19 in Indonesia. The condition of the Inflation level (INF) is influenced by the negative impact of the COVID-19 pandemic on the economy in Indonesia, namely the

continuous increase in prices of goods and services in general, causing people's purchasing power to decrease and also causing a decline in the value of the currency, especially in the trade sector. which includes export activities, imports of raw materials, and capital markets. Along with the economic recovery and government stimulus policies, the rate of inflation in Indonesia began to increase, mainly related to increases in prices of certain commodities and structural inflationary pressures.

In the post-COVID-19 pandemic, the inflation rate is still an important focus in economic recovery efforts. Inflation conditions will be influenced by various factors, including monetary and fiscal policies, economic growth, fluctuations in global commodity prices, and domestic market dynamics. The government's efforts to continue to maintain price stability for goods and services are key in managing inflation in the post-COVID-19 pandemic in Indonesia. According to (Bank Indonesia), the development of the inflation rate in the post-COVID-19 pandemic cannot be separated from Bank Indonesia's pre-emptive and forward looking monetary policy response as well as close synergy in controlling inflation between Bank Indonesia and the Central Government, Regional Government and other strategic partners in Central and Regional Inflation Control Teams (TPIP and TPID) through strengthening the National Food Inflation Control Movement (GNPIP) program in various regions.

#### **4.2. The Effect of Inflation (INF) During COVID-19 and Post COVID-19 on the Economy**

Inflation had a significant influence during the COVID-19 pandemic and after the COVID-19 pandemic on the economy in Indonesia. Where during the COVID-19 pandemic, the inflation rate experienced a decline in demand due to a decrease in economic activity which could reduce inflation pressure. The occurrence of inflation during the COVID-19 pandemic is proof that the COVID-19 pandemic has had an influence on the Indonesian economy. Inflation tends to increase the prices of goods and services in general, which continues continuously. The increase in prices of goods and services causes a decrease in the value of the currency, especially in the trade sector which includes export, import and import activities of raw materials and capital goods. Decreased production activities, scarcity of goods, and also rising prices on the market cause inflation (Huda Julaini, 2021). However, the stimulus policy implemented by the government to support the economy can increase the risk of inflation.

In the post-COVID-19 pandemic, economic recovery could cause demand to increase which could push up the rate of inflation in Indonesia. Then, with economic recovery and the policies issued by the government, the inflation rate after the COVID-19 pandemic began to increase. In managing monetary and fiscal policy, it is hoped that the government will remain careful in order to maintain price stability and balanced economic growth.

#### **4.3. Exchange Rate Variable Difference Test (KURS)**

During the COVID-19 pandemic, the movement of the rupiah exchange rate in Indonesia against the USD exchange rate experienced fluctuations, where there was a depreciation of the rupiah exchange rate against the USD in Indonesia and the results also showed that there were significant differences in the exchange rate during the COVID-19 pandemic and during post the COVID-19 pandemic in Indonesia. The economy is facing serious challenges due to falling global demand and overall economic uncertainty. This causes the rupiah exchange rate to weaken against the US dollar because many investors are looking for assets that are considered safer, such as the US dollar. If an exchange rate weakens, it will have an impact on the price of raw materials for production becoming expensive, which can make trading goods production activities experience difficulties and export activities will decrease because the price of exported goods is more expensive compared to countries with a stronger exchange rate. On the other hand, it also has an impact on the inflation rate increasing because the price of goods becomes expensive, thus triggering inflation to increase. With this, exchange rate conditions are very important for the Indonesian economy (Lusiana Puspa Citra Rini, et al. 2023).

Bank Indonesia continues to strengthen coordination with the Government and related authorities and optimize policy mix strategies to maintain macroeconomic and financial system stability to support further economic recovery (Source: bi.go.id, 2023). and the results also show that there is a significant difference in the exchange rate (KURS) during the COVID-19 pandemic and during the post-COVID-19 pandemic in Indonesia.

#### **4.4. The Influence of the Exchange Rate (KURS) During COVID-19 and Post COVID-19 in the Economy**

During the COVID-19 pandemic, the rupiah exchange rate against the USD experienced pressure due to global market uncertainty and the outflow of foreign capital from the Indonesian financial market. This has greatly affected the economy in Indonesia by increasing inflation, increasing the burden of foreign debt. According to (Taufiq Andre Setiyono, et al. 2020) the higher the number of COVID-19 cases, the higher the rupiah needed to buy one US dollar. With the policies issued by the Indonesian government to maintain currency stability, such as market intervention and monetary policy adjustments. Where monetary policy aims to ensure that world economic performance continues to

improve according to forecasts, amidst declining global financial market uncertainty (Source: [djkn.kemenkeu.go.id](http://djkn.kemenkeu.go.id), 2020).

After the COVID-19 pandemic, exchange rate movements in Indonesia began to improve, this was inseparable from the monetary policy carried out by the government and Bank Indonesia's efforts to stabilize the Rupiah exchange rate in Indonesia during the COVID-19 pandemic and after the COVID-19 pandemic. 19. The monetary policy provided by the government will strengthen the Rupiah exchange rate in line with the re-entry of foreign capital into Indonesia. Therefore, the government is implementing policies in various aspects to advance the Indonesian economy.

#### 4.5. The Effect of Exchange Rates (KURS) on Inflation (INF)

The exchange rate has a significant influence on inflation in Indonesia. A weakening exchange rate can increase inflation because imports become more expensive, so production costs also rise. This can result in an increase in the prices of goods and services in the country. On the other hand, if the exchange rate strengthens, imports will become cheaper and production costs can fall, this can reduce inflation. Therefore, the exchange rate is very important in determining a country's inflation rate.

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### 5. Conclusion

Based on the results of the analysis and discussion, several things can be concluded as follows: There are significant differences in inflation and exchange rates (exchange rates) in Indonesia during the COVID-19 and post-COVID-19 periods. Average inflation during COVID-19 was 2.9385% and fell to 2.0631% after COVID-19. Meanwhile, the average exchange rate during the COVID-19 period was IDR 14,115.3077 per USD and rose to IDR 14,565.6923 per USD after COVID-19. The economic recovery policies implemented by the government after COVID-19, such as fiscal stimulus, quantitative easing, lowering interest rates, relaxing credit advances and accelerating digitalization of the payment system, were able to reduce the rate of inflation and stabilize the exchange rate. Strong coordination and synergy is needed between the central government, regional governments and monetary authorities to maintain macroeconomic stability and encourage economic growth after the COVID-19 pandemic.

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### Compliance with ethical standards

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#### *Disclosure of conflict of interest*

The authors declare that they have no conflicts of interest.

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