ABTRACT

Economic growth is a long-term growth process that aims to improve the welfare of the people by increasing per capita income from consuming goods and goods, as well as increasing people's purchasing power. This research aims to analyze the response and influence of economic growth in Indonesia on oil price shocks, inflation, exchange rates and interest rates. This research uses time series data for 10 years (2014-2024) using the Vector Error Correction Model (VECM) method. Oil prices have a positive significant effect on economic growth. This shows that an increase in oil prices can encourage an increase in state income, strengthen the energy sector and support the economy, thereby contributing to accelerated economic growth. Inflation has an insignificant positive effect on economic growth.

This shows that a relatively stable inflation rate is not the main factor determining economic growth in the short or long term. The exchange rate has an insignificant negative effect on economic growth. These results show that even though a weakening of the exchange rate or depreciation of the rupiah, in theory, could increase imports, suppress purchasing power and potentially hamper economic growth in the 2014-2024 context, this effect has not been proven to be statistically strong. So exchange rate fluctuations during the research period were not the main factor directly influencing national economic growth. Interest rates have a significant negative influence on economic growth. This shows that an increase in interest rates can reduce the rate of economic growth, which is in line with the theory which states that high interest rates will increase borrowing costs, reduce consumption and investment, and suppress aggregate demand.

Keyword: *economic growth, inflation, exchange rate, interest rate*