

CHAPTER V

CONCLUSIONS AND RECOMMENDATIONS

5.1 Conclusions

Based on the results of the study on the influence of exchange rates and interest rates on public expectations measured through the Consumer Expectations Index in Indonesia, the following conclusions can be drawn:

1. The exchange rate has a significant effect on people's expectations both in the short and long term. An increase in the exchange rate or a weakening of the rupiah tends to lower public expectations so that people become more pessimistic about economic conditions in the future. On the other hand, exchange rate stability can increase public confidence and optimism about future economic conditions.
2. Interest rates do not have a significant effect on public expectations in both the short and long term. This shows that changes in interest rates have not been the main factor influencing the formation of public expectations of future economic conditions.

5.2 Recommendations

Based on the results of the research and conclusions above, the researcher provides a number of recommendations that can be used as considerations, especially in formulating effective policies and increasing public understanding of economic conditions in Indonesia as follows:

1. For the Government and Bank Indonesia

It is expected to pay more attention to exchange rate stability because it has been proven to have a significant influence on public expectations. Policies that are able to maintain exchange rate stability can increase public confidence and optimism about future economic conditions. In addition, monetary policy communication also needs to be improved so that information related to economic conditions can be better understood by the public.

2. For the Community

It is hoped that they can be wiser in responding to economic information, especially related to exchange rates and interest rates. The public needs to improve their understanding of macroeconomic conditions so that the expectations formed are more rational and not only based on limited perceptions or information. Thus, the economic decisions taken can be more appropriate and support overall economic stability.

3. For the Next Researcher

For the next researcher, it is recommended to add other variables that can affect people's expectations, such as economic growth, unemployment rate, or other global factors. In addition, the use of different analysis methods or a longer research period can also provide more comprehensive results. Further research can also consider behavioral approaches to delve deeper into the psychological factors that affect people's expectations.