

Influence Of The Global Economic Policy Uncertainty Index On Inflation And Its Implications For Farmer Exchange Rates In Sulawesi Regions

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Abstract

The farmer exchange rate (FER) serves as a crucial parameter for assessing the extent to which the agricultural sector can support the livelihoods of farmers and contribute to local economic resilience. Considering the vital role of the agricultural sector in the regional economy, it is important to identify and analyze the factors influencing the fluctuations in the farmer exchange rate in order to formulate policies that can improve farmers' welfare and support more stable and sustainable agricultural sector development. The aim of this study is to analyze the relationship between global economic policy uncertainty, inflation, and the farmer exchange rate in the provinces of Sulawesi. This research adopts a quantitative approach, utilizing secondary data that includes the Global Economic Policy Uncertainty (GEPU) Index, inflation, and the farmer exchange rate in Sulawesi during the period from January 2024 to September 2025. The data used in this study consists of panel data comprising 126 observations (21 time-series data and 6 cross-sectional data), which are analyzed using panel data path analysis. The results of this study show that GEPU has a positive and significant effect on inflation, as well as a positive and significant effect on the farmer exchange rate in Sulawesi. However, the impact of GEPU on the farmer exchange rate becomes insignificant after being mediated by inflation. Inflation has been shown to have a negative impact on the farmer exchange rate, although its effect is not significant. Based on these findings, it is recommended that the government enhance the economic resilience of farmers through agricultural product diversification, strengthen inflation control policies, and improve extension services related to global uncertainties. Furthermore, collaboration between the government and the private sector in supporting the agricultural sector needs to be

130

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reinforced to create a more resilient and adaptive ecosystem in response to global changes.

Keywords: FER; GEPU Index; Inflation; Agriculture; Sulawesi

INTRODUCTION

The agricultural sector in Indonesia plays an important role in the national economy, with a significant contribution to the Gross Domestic Product (GDP) and providing employment for a large portion of the population. Sulawesi, as one of the main agrarian regions, holds great potential in various agricultural commodities, such as palm oil, cocoa, coffee, and rice (Pratama & Tanjung, 2023). The Sulawesi region has a comparative advantage in agricultural products such as corn, rice, coconut, and cocoa. The optimal utilization of agricultural potential in this region is expected to improve the welfare of the population and contribute more significantly to both the local and national economies (Damanik, 2025).

Farmer welfare is a crucial element in the economic development of a country, particularly in Indonesia, where the majority of the population is employed in the agricultural sector. One of the main indicators used to measure farmer welfare is the Farmer Exchange Rate (FER), which reflects the purchasing power of farmers for goods and services. A high FER indicates that farmers have strong purchasing power, thereby improving their quality of life. Conversely, a low FER suggests income inequality among farmers, which can lead to a decline in their quality of life and an increase in poverty levels. Enhancing the FER is one of the strategic efforts to reduce poverty in the agricultural sector. Changes in the FER significantly influence farmers' social welfare, with implications for income distribution and poverty (Alemu, 2022).

A decline in purchasing power caused by price disparities and inflation can worsen the living conditions of farmers, further exacerbating inequality (Bergh & Nilsson, 2014). A large portion of the population working in Indonesia's agricultural sector is vulnerable to poverty, particularly smallholder farmers who often face low product prices and high production costs. Therefore, optimizing the FER is expected to improve farmers' purchasing power and drive income growth. This effort should be a primary focus in agricultural development policies to create better food and social resilience for rural communities.

The FER is influenced by various internal and external factors. Internal factors include agricultural productivity, the selling price of agricultural products, and production



costs. External factors that have a significant influence include inflation and global economic policies, particularly policies related to export commodities. Monetary policy, international trade tariffs, and global commodity price fluctuations also affect market conditions, which ultimately impact farmers' incomes. Therefore, the FER becomes a complex indicator that reflects the relationship between domestic conditions and global market dynamics (Ahmed et al., 2025). Furthermore, changes in the exchange rate and global monetary policies also have a direct impact on agricultural productivity, which in turn affects farmers' welfare (Burhaz & Soborova, 2025).

Inflation directly impacts the FER because it affects the purchasing power of farmers. When inflation rises, the prices of goods and services needed by farmers for production and daily consumption tend to increase. However, if the selling prices of agricultural products do not increase in proportion to inflation, the FER will decline, indicating a reduction in farmers' welfare. Therefore, controlling inflation is crucial for maintaining the stability of the FER, especially for smallholder farmers who are highly vulnerable to price fluctuations that cause changes in the FER (Yusdhika & Julianti, 2025). Additionally, inflation affecting food prices can increase farmers' income, but at the same time, it can reduce their purchasing power (Prayoga & Nazamuddin, 2025).

Inflation is influenced by various factors, both domestic and global. Domestic factors include the demand and supply of goods, production costs, and monetary policies adopted by the central bank. On the other hand, global factors include economic policy uncertainty, which is measured through the Global Economic Policy Uncertainty Index (GEPU). This uncertainty can affect international commodity prices, including food and agricultural products, leading to higher inflation in developing countries (Ashena et al., 2024). Global economic policy uncertainty has the potential to influence inflation and commodity prices, which in turn impacts the purchasing power of farmers in developing countries (Setiastuti, 2017).

The Global Economic Policy Uncertainty Index reflects the level of uncertainty in global economic policies that can affect international markets, including the prices of commodities exported by Indonesia. This uncertainty, such as international trade tensions or changes in monetary policy in major countries, can lead to price fluctuations that have implications for domestic inflation. High inflation, in turn, can reduce the Farmer Exchange Rate (FER) due to the increasing cost of living and production costs, while farmers' income from agricultural products may not always keep pace with these rises. The GEPU plays a crucial role in influencing inflation and the farmer exchange rate (Meta et al., 2024; Muflikhah & Prastyo, 2025).



The Farmer Exchange Rate in the Sulawesi region faces significant challenges related to the selling prices of agricultural products, which often fail to reflect the rising production costs. The data on the farmer exchange rate is presented in Figure 1:

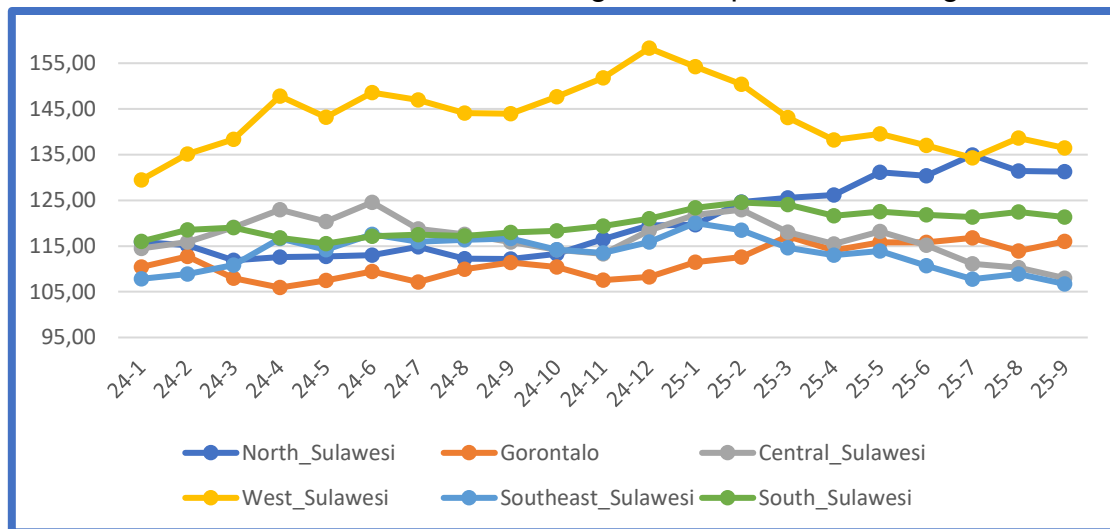


Figure 1: Farmer Exchange Rate in the Sulawesi Region

Based on Figure 1, it can be seen that the farmer exchange rate in the six provinces of Sulawesi shows fluctuations that reflect the economic dynamics of the agricultural sector in the region. According to the available data, the province with the highest farmer exchange rate is West Sulawesi, which has a relatively high exchange rate, as seen in December 2024 (158.28) and January 2025 (154.26). This condition indicates that the purchasing power of farmers in this province is relatively stronger compared to other provinces in Sulawesi, likely due to higher agricultural product prices and efficiency in production costs. On the other hand, Southeast Sulawesi and South Sulawesi tend to show lower farmer exchange rates, with fluctuations around the range of 107 to 119, indicating greater challenges in improving farmers' welfare, such as low market prices or high production costs.

Meanwhile, North Sulawesi and Gorontalo also show positive developments in their farmer exchange rates, with an increasing exchange rate over time, as seen in 2024 and 2025. However, despite the improvements, the farmer exchange rates in these two provinces are still lower than those in West Sulawesi, indicating an imbalance between the provinces of Sulawesi in terms of farmers' ability to access optimal income. In this regard, Central Sulawesi tends to remain stable with minimal fluctuations, but it does not

show significant figures in terms of farmers' purchasing power. Overall, the farmer exchange rate across all provinces in Sulawesi reflects varying economic challenges, with some provinces showing greater potential to improve farmers' welfare.

Farmers in Sulawesi, who largely rely on leading commodities, are often under pressure from market price instability, both due to domestic and global/international factors. This issue becomes more complex with the presence of global economic uncertainty that affects the prices of export commodities, ultimately impacting farmers' welfare and the purchasing power of the population and farmers. Therefore, this study focuses on analyzing the relationship between global economic policy uncertainty, inflation, and the farmer exchange rate.

LITERATURE REVIEW

Farmer Exchange Rate

The Farmer Exchange Rate (FER) is the ratio between the price received by farmers for their agricultural products and the price they must pay for production and consumption needs. The farmer exchange rate is used as an indicator of farmer welfare, reflecting the purchasing power of farmers for goods and services (Maharani et al., 2022). The higher the farmer exchange rate, the better the economic condition of farmers, as they can purchase more goods with the revenue they receive from selling agricultural products (Syaputri & Azwardi, 2024).

Inflation

Inflation is the general and continuous rise in the prices of goods and services in an economy over a certain period of time. Inflation reduces the purchasing power of money, meaning that people need more money to buy the same goods and services. Inflation can be influenced by factors such as high demand, increasing production costs, and the monetary policies implemented by central banks (Kashif & Khalid, 2025). In addition, fiscal and monetary policies play an important role in inflation dynamics, considering the uncertainty of commodity prices that affect purchasing power (Javaherdehi & Samsami, 2025).

The Global Economic Policy Uncertainty Index

The Global Economic Policy Uncertainty Index (GEPU) is an index that measures the level of uncertainty in global economic policies. This index combines various factors, such as news related to economic and policy uncertainty in different countries. GEPU

134

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helps to illustrate the impact of uncertainty on the global economy, which can influence investment decisions, trade, and economic growth. This index is useful for analyzing potential economic risks arising from policy uncertainty (Che et al., 2024; Shiravand & Zolfaghari, 2025).

METHODOLOGY

The research approach is quantitative with a correlational method. The data used in this study consists of time series data from 6 provinces in the Sulawesi region and 21 months of data, from January 2024 to September 2025. The data in this study includes the Global Economic Policy Uncertainty Index, inflation, and the farmer exchange rate. Data collection was conducted using the documentation technique, utilizing data from the Statistics Bureau of the Republic of Indonesia (BPS) and https://www.policyuncertainty.com/global_monthly.html.

The data analysis used in this study is panel data path analysis, a statistical technique used to model causal relationships between the variables under analysis, considering data with a panel structure, which includes observations taken from multiple individuals or entities (e.g., companies, countries, or individuals) and time series data (Shipley, 2016; Zyphur et al., 2020). Before running the data for path analysis, the data is transformed into natural logarithms and standardized (Standardized Value) so that the beta coefficients from the equations can be used as path coefficients. The equations in this study are as follows:

$$\begin{aligned} FER_{it} &= \alpha + \beta_1 GEP_{it} + \beta_2 INF_{it} + \epsilon_{it} \\ INF_{it} &= \alpha + \beta_1 GEP_{it} + \epsilon_{it} \end{aligned}$$

Explanation:

FER = Farmer Exchange Rate

INF = Inflation

GEP = Global Economic Policy Uncertainty Index

α = Constant

β = Regression Coefficient

Once the results for equations 1 and 2 are obtained, the indirect effect is determined through Sobel's analysis, using the following formula (Ghozali, 2018; Margareni et al., 2016):

$$\begin{aligned} Sab &= \sqrt{b^2 \cdot Sa^2 + a^2 \cdot Sb^2 + Sa^2 \cdot Sb^2} \\ Z_{Hitung} &= \frac{ab}{Sab} \end{aligned}$$



Explanation:

sab = Standard error of the indirect effect

a = Path from the independent variable (X) to the intervening variable (Z)

b = Path from the intervening variable (Z) to the dependent variable (Y)

sa = Standard error of coefficient a

sb = Standard error of coefficient b

RESULTS AND DISCUSSION

Research Results

Normality Test Results

The data analysis in this study uses path analysis, so the prerequisite test for the analysis only involves normality.

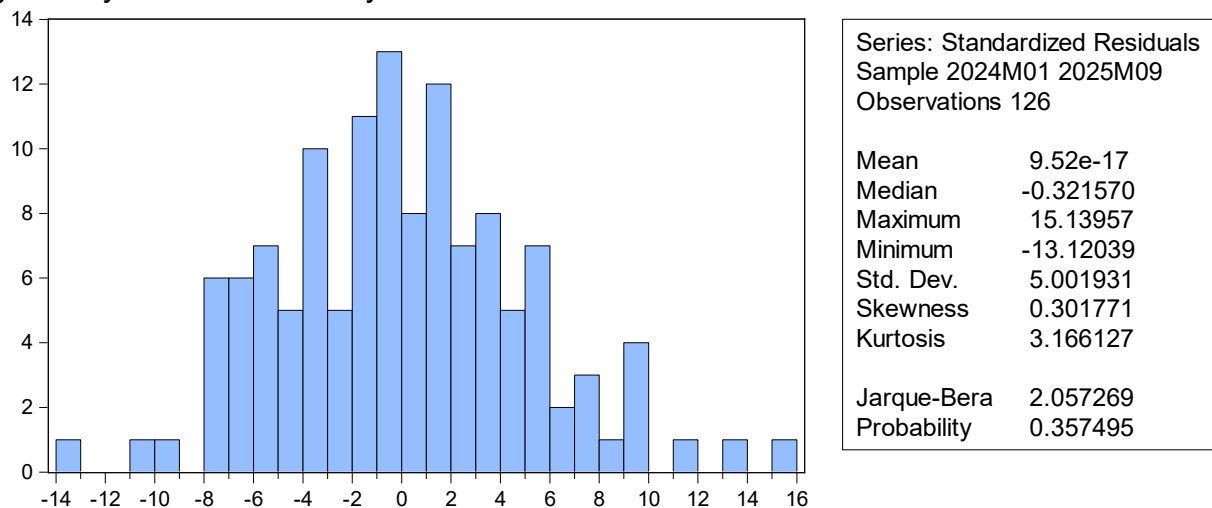


Figure 2: Normality Test Results

The Zhitung probability value from the Jarque-Bera test is 0.357, which is greater than the alpha value of 0.05, indicating that the data follows a normal distribution. Therefore, the path analysis, which is an extension of regression analysis, can be conducted to obtain valid and credible analytical results.

Panel Data Path Analysis Results

The Influence of the Global Economic Policy Uncertainty Index on Inflation

The results of the analysis of the effect of the Global Economic Policy Uncertainty Index on inflation are as follows:

136

Table 1: The Influence of the Global Economic Policy Uncertainty Index on Inflation

Dependent Variable: INF				
Method: Panel Least Squares				
Date: 12/04/25 Time: 11:04				
Sample: 2024M01 2025M09				
Periods included: 21				
Cross-sections included: 6				
Total panel (balanced) observations: 126				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-0.547778	0.177403	-3.087761	0.0025
GEPU	0.002329	0.000548	4.253547	0.0000
Effects Specification				
Cross-section fixed (dummy variables)				
R-squared	0.138661	Mean dependent var	0.150238	
Adjusted R-squared	0.095232	S.D. dependent var	0.795343	
S.E. of regression	0.756525	Akaike info criterion	2.333789	
Sum squared resid	68.10720	Schwarz criterion	2.491360	
Log likelihood	-140.0287	Hannan-Quinn criter.	2.397805	
F-statistic	3.192827	Durbin-Watson stat	2.077038	
Prob(F-statistic)	0.006094			

Source: Processed Data from E-Views, 2025

Table 1 shows that the Global Economic Policy Uncertainty Index has a probability value of 0.0000, which is smaller than the alpha value of 5%, indicating that the Global Economic Policy Uncertainty Index has a positive and significant effect on inflation in the provinces of the Sulawesi region. Further interpretation suggests that a 1% increase in the Gini ratio will lead to a 0.002% increase in inflation. This means that the higher the Global Economic Policy Uncertainty Index, the higher the inflation in the provinces of the Sulawesi region.

The Influence of the Global Economic Policy Uncertainty Index and Inflation on the Farmer Exchange Rate

The results of the analysis of the effect of the Global Economic Policy Uncertainty Index and inflation on the farmer exchange rate are as follows:

Table 2: The Influence of the Gini Ratio and Inflation on the Farmer Exchange Rate

Dependent Variable: FER

Method: Panel Least Squares

Date: 12/04/25 Time: 10:59

Sample: 2024M01 2025M09

Periods included: 21

Cross-sections included: 6

Total panel (balanced) observations: 126

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	117.2702	1.254658	93.46787	0.0000
GEPU	0.012532	0.004000	3.133287	0.0022
INF	-0.973929	0.623814	-1.561249	0.1211

Effects Specification

Cross-section fixed (dummy variables)

R-squared	0.818068	Mean dependent var	120.8794
Adjusted R-squared	0.807275	S.D. dependent var	11.72689
S.E. of regression	5.148156	Akaike info criterion	6.176541
Sum squared resid	3127.415	Schwarz criterion	6.356623
Log likelihood	-381.1221	Hannan-Quinn criter.	6.249703
F-statistic	75.79899	Durbin-Watson stat	0.399481
Prob(F-statistic)	0.000000		

Source: Processed Data from E-Views, 2025

Table 2 shows that the Global Economic Policy Uncertainty Index has a probability value of 0.0022, which is smaller than the alpha value of 5%, indicating that the Global Economic Policy Uncertainty Index has a positive and significant effect on the farmer exchange rate in the provinces of the Sulawesi region. Further interpretation suggests that a 1% increase in the Global Economic Policy Uncertainty Index will lead to a 0.012% increase in the farmer exchange rate. This means that the higher the Global Economic Policy Uncertainty Index, the higher the farmer exchange rate in the provinces of the Sulawesi region.

Meanwhile, inflation has a probability value of 0.1211, which is greater than the alpha value of 5%, indicating that inflation has a negative but insignificant effect on the farmer exchange rate in the provinces of the Sulawesi region. Further interpretation suggests that a 1% increase in inflation will reduce the farmer exchange rate by 0.973%. This means that the higher the inflation rate, the lower the farmer exchange rate in the

138



provinces of the Sulawesi region. Conversely, if inflation is lower, the farmer exchange rate will improve or increase.

Indirect Effect Results

The indirect effect was further analyzed using Sobel's test to obtain the Zhitung value, which will be compared to the Ztabel value of 1.96 at the alpha level of 0.05%. The results regarding the mediation effect of inflation on the relationship between the Global Economic Policy Uncertainty Index and the farmer exchange rate are as follows:

$$\begin{aligned}
 Sab &= \sqrt{b^2 \times Sa^2 + a^2 \times Sb^2 + Sa^2 \times Sb^2} \\
 Sab &= \sqrt{-0.974^2 \times 0.001^2 + 0.002^2 \times 0.624^2 + 0.001^2 \times 0.624^2} \\
 Sab &= \sqrt{0.0000003 + 0.0000021 + 0.0000001} \\
 Sab &= \sqrt{0.0000025} \\
 Sab &= 0.0015851 \\
 Z_{Hitung} &= \frac{ab}{Sab} \\
 Z_{Hitung} &= \frac{-0.974 \times 0.002}{0.0015851} \\
 Z_{Hitung} &= \frac{-0.002}{0.0015851} \\
 Z_{Hitung} &= -1.431 \\
 Probability Z_{Hitung} &= 0.076214
 \end{aligned}$$

Based on the calculations above, the result shows that the Zhitung value for the Global Economic Policy Uncertainty Index variable is -1.431. When compared to the Ztabel value of 1.96, the Zhitung obtained is smaller than the Ztabel value. The significance value of the Global Economic Policy Uncertainty Index is greater than the alpha value of 5%. Therefore, the Global Economic Policy Uncertainty Index, through inflation, has a negative but insignificant effect on the farmer exchange rate in the provinces of the Sulawesi region. The negative but insignificant effect means that inflation is less able to serve as an effective intervening variable in enhancing the effect of the Global Economic Policy Uncertainty Index on the farmer exchange rate. Nevertheless,



the Global Economic Policy Uncertainty Index, which initially had a positive and significant effect on the farmer exchange rate, becomes a negative and insignificant effect after being mediated by the inflation variable.

DISCUSSIONS

The importance of the Farmer Exchange Rate (FER) in Indonesia's agricultural economy, especially in Sulawesi, is crucial as it reflects the welfare of farmers, who contribute significantly to food security and the national economy. A high FER indicates that farmers have strong purchasing power, which influences their quality of life and their ability to access goods and services they need (Bantilan & Wahyuningsih, 2018; Akbar et al., 2019). From the analysis of the farmer exchange rate in Sulawesi, it is evident that there are significant differences between provinces, although overall, the farmer exchange rate in this region experiences substantial fluctuations. The FER in Sulawesi tends to show a stable trend, although still below the ideal figure required to achieve optimal welfare for farmers. This decrease or increase in the FER reflects the challenges faced by farmers, including unstable product prices and rising production costs, which impact their purchasing power.

The Global Economic Policy Uncertainty Index (GEPU) has a positive and significant effect on inflation in the provinces of the Sulawesi region. The uncertainty of global economic policies, reflected in the fluctuations of this index, contributes to increased instability in commodity prices, especially those related to Indonesia's exports. This high uncertainty can create unfavorable conditions in the domestic market, which in turn drives a general increase in the prices of goods and services. As a result, inflation tends to rise, reducing the purchasing power of society, including farmers, who are particularly vulnerable to price changes. This worsens the economic conditions in areas dependent on agriculture, such as Sulawesi.

The higher the Global Economic Policy Uncertainty Index (GEPU), the higher the inflation rate in the provinces of the Sulawesi region. Economic policy uncertainty, whether related to fiscal policies, international trade, or monetary policies, creates disruptions in global markets that spill over into the domestic market (Meta et al., 2024). The fluctuations in the prices of export commodities influenced by this uncertainty also affect the prices of goods needed by society, including farmers (Raihan & Saksana, 2023). Increased inflation affects farmers' purchasing power, particularly for agricultural commodities, whose production costs also tend to rise. On the other hand, this uncertainty



creates economic tension that worsens market conditions, leading to higher inflation in the local economy in Sulawesi.

The Global Economic Policy Uncertainty Index (GEPU) has a positive and significant effect on the farmer exchange rate (FER) in the provinces of the Sulawesi region. Global economic uncertainty plays a role in determining the prices of export commodities, which are often a crucial factor in farmers' incomes in this region. For example, international trade tensions or changes in monetary policy can cause fluctuations in the prices of agricultural commodities, which directly affect farmers' incomes. With the increase in commodity prices due to global economic uncertainty, farmers' purchasing power can increase, which is reflected in the rise in the FER. Therefore, global economic policy uncertainty directly impacts the welfare of farmers, as reflected in the fluctuations in the farmer exchange rate.

The higher the Global Economic Policy Uncertainty Index (GEPU), the higher the farmer exchange rate in the provinces of the Sulawesi region. This can be explained by understanding that global economic policy uncertainty often triggers surges in the prices of export commodities, which, in turn, can increase farmers' incomes (Tupamahu & Hanoeboen, 2021). With higher commodity prices, farmers in Sulawesi can obtain more favorable selling prices, reflected in an increase in the FER. This increase indicates a positive impact on farmers' welfare, although global uncertainty is often accompanied by volatility that can affect the stability of the domestic market (Nurfajari, 2024). However, this positive impact is more apparent in the short term, when commodity price surges directly affect agricultural sales.

Inflation has a negative but insignificant effect on the farmer exchange rate in the provinces of the Sulawesi region. Although inflation can affect the purchasing power of society, including farmers, its effect on the FER is not always significant. In some cases, even though inflation occurs, the prices of agricultural commodities do not always adjust proportionally, so there is no direct impact on farmers' income. Additionally, other factors such as high production costs and domestic market instability also contribute to fluctuations in the FER, which may explain why inflation does not have a significant impact on the FER in Sulawesi.

The higher the inflation rate, the lower the farmer exchange rate in the provinces of the Sulawesi region, and vice versa. High inflation leads to an increase in the prices of goods and services needed by farmers for production and consumption, which in turn reduces farmers' purchasing power (Tupamahu & Hanoeboen, 2021). Conversely, when inflation is low, the prices of goods and services are stable, allowing farmers to obtain



more favorable results from the sale of their agricultural products (Akbar et al., 2019). Thus, controlled inflation contributes to the stability of the farmer exchange rate, enhancing farmers' purchasing power and improving their welfare.

The Global Economic Policy Uncertainty Index, which initially had a significant positive effect on the farmer exchange rate, becomes a negative but insignificant influence after being mediated by inflation. Global economic policy uncertainty can trigger commodity price fluctuations, which directly affect farmers' incomes (Bin Khidmat et al., 2024). However, after considering the role of inflation in affecting farmers' purchasing power, the positive effect of global policy uncertainty on the FER becomes insignificant. High inflation contributes to a reduction in farmers' purchasing power, which diminishes the positive impact initially resulting from the increase in commodity prices (Setiawan et al., 2024). In other words, while global economic policy uncertainty may increase commodity prices, its impact is limited because increased inflation also reduces farmers' purchasing power, thus weakening the positive effect on the FER.

Overall, the results of this study demonstrate the complexity of the interactions between the Global Economic Policy Uncertainty Index (GEPU), inflation, and the farmer exchange rate (FER) in the provinces of the Sulawesi region. Although global economic policy uncertainty has a significant effect on inflation and the FER, its impact on farmers' welfare is not entirely positive. Rising inflation tends to reduce farmers' purchasing power, although commodity price fluctuations may provide more favorable outcomes in some cases. However, after being mediated by inflation, the effect of GEPU on the FER becomes less significant, emphasizing that domestic factors such as domestic economic policies and local market conditions play an equally important role. Therefore, a deeper understanding of these relationships is crucial for formulating policies that can balance the impact of global uncertainty and support the improvement of farmers' welfare, particularly in Sulawesi, which faces distinct economic challenges.

CONCLUSION AND RECOMMENDATIONS

Based on the research results and discussion of the findings, the following conclusions can be drawn:

1. The Global Economic Policy Uncertainty Index has a positive and significant effect on inflation in the provinces of the Sulawesi region. This positive effect means that the higher the index of global economic policy uncertainty, the higher the inflation in the provinces of the Sulawesi region.



2. The Global Economic Policy Uncertainty Index has a positive and significant effect on the farmer exchange rate in the provinces of the Sulawesi region. This positive effect means that the higher the global economic policy uncertainty index, the higher the farmer exchange rate in the provinces of the Sulawesi region.
3. Inflation has a negative but insignificant effect on the farmer exchange rate in the provinces of the Sulawesi region. This positive effect means that the higher the inflation rate, the lower the farmer exchange rate in the provinces of the Sulawesi region, and conversely, the lower the inflation, the better or higher the farmer exchange rate will be.
4. The Global Economic Policy Uncertainty Index, through inflation, has a negative but insignificant effect on the farmer exchange rate in the provinces of the Sulawesi region. Thus, the Global Economic Policy Uncertainty Index, which initially had a significant positive effect on the farmer exchange rate, becomes a negative but insignificant effect after being mediated by the inflation variable.

Based on the research findings, the following recommendations and strategic follow-up steps can be outlined:

1. It is important to strengthen the economic resilience of farmers through agricultural product diversification by utilizing various superior commodities that can be produced locally. Farmers will be more resilient to price fluctuations and global market uncertainties. Training programs and providing farmers with access to develop alternative commodities or derivative products will greatly help in increasing their income while reducing dependence on a single commodity that is vulnerable to global price changes.
2. It is crucial for the government to implement more effective inflation control policies, particularly for agricultural commodities. These policies can include providing price subsidies or strengthening food distribution systems to stabilize the prices of goods needed by farmers. Furthermore, strengthening the distribution network and market infrastructure in agricultural areas such as Sulawesi can also reduce distribution costs, which are often a major factor in the high prices of goods and services needed by farmers.
3. Increasing farmers' understanding of the impact of global economic uncertainty on agricultural markets is important to improve their preparedness. Therefore, extension programs focused on changes in global market trends, as well as methods for dealing with commodity price fluctuations, need to be strengthened. Additionally, providing



fast and accurate access to information regarding changes in global economic policies will help farmers make better decisions, reduce losses due to market uncertainties, and improve the farmer exchange rate (FER).

4. More intensive collaboration between the government and the private sector should be strengthened to create programs that support the improvement of productivity and the welfare of farmers. Through this partnership, the private sector can provide technology, better market access, and capital for farmers, while the government can focus on policies that promote infrastructure development and public service provision for the agricultural sector. This partnership will create a stronger and more adaptive ecosystem in response to global changes while improving the competitiveness of the agricultural sector in Sulawesi.

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