

## **ABSTRACT**

*In investing, investors have the hope of obtaining profits in the future. Therefore, investors need various types of information in order to evaluate the company's performance which is needed to make investment decisions. Evaluating the performance of a company can be done by analyzing its financial statements through financial ratios (return on assets). In 2016-2020 the return on assets of textile and garment companies experienced a significant decline. One of the declines in return on assets can be influenced by external factors (inflation and interest rates).*

*This study aims to examine the effect of inflation and interest rates on the company's return on assets simultaneously and partially. The objects used in this study are textile and garment sub-sector companies listed on the Indonesia Stock Exchange (IDX) for the 2016-2020 period. The data used in this research is obtained from the financial statements of each company.*

*The sampling technique in this research is using purposive sampling. This study uses quantitative research methods. In analyzing the data, this study uses descriptive statistics, panel data regression analysis and uses the F test (simultaneous test) and t test (partial test) for hypothesis testing.*

*Based on the results of data processing in this study, it shows that the variables of inflation and interest rates have no significant effect on return on assets simultaneously. Partially, inflation has no significant effect on return on assets and interest rates have no significant effect on return on assets.*

*The results of this study can be used as reference material for further research and also information for investors, potential investors and companies to pay attention to factors other than interest rates and inflation in making decisions, where this study found the fact that inflation and interest rates are not susceptible to return on company assets .*

**Keywords:** *Inflation, Interest Rates, Return On Assets (ROA)*