

The Effect of Inflation, Interest Rates, and Exchange Rates on The Jakarta Composite Index

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ABSTRACT

The Jakarta Composite Index (JCI) is an indicator that is generally used to measure the performance of companies or issuers listed on the Indonesia Stock Exchange (IDX). This study aims to empirically test the determinants that affect JCI during the occurrence of covid 19. The variables tested in this study involve the influence of inflation, interest rates, and exchange rates on JCI. The methods used are descriptive analysis and regression analysis of panel data with the help of EViews program. Of the several models selected in this study is the Common Effect Model (CEM). The results showed that inflation had a positive and significant effect on JCI, interest rates had a negative and significant effect on JCI, exchange rates had a negative and significant effect on JCI. Inflation, interest rates, exchange rates together have a significant effect on JCI. The coefficient of determination by which the independent variable is able to explain the dependent variable is 54%.

ABSTRAK

Indeks Harga Saham Gabungan (IHSG) adalah sebuah indikator yang umumnya digunakan untuk mengukur performa Perusahaan atau emiten yang terdaftar di Bursa Efek Indonesia (BEI). Penelitian ini bertujuan untuk secara empiris menguji faktor-faktor penentu yang mempengaruhi IHSG saat terjadinya covid 19. Adapun variabel yang diuji dalam penelitian ini melibatkan pengaruh inflasi, suku bunga, dan nilai tukar terhadap IHSG. Metode yang digunakan adalah analisis deskriptif dan analisis regresi data panel dengan bantuan program EViews. Dari beberapa model yang dipilih dalam penelitian ini adalah Common Effect Model (CEM). Hasil penelitian menunjukkan bahwa inflasi berpengaruh positif dan signifikan terhadap IHSG, suku bunga berpengaruh negative dan signifikan terhadap IHSG, nilai tukar berpengaruh negative dan signifikan terhadap IHSG. Inflasi, suku bunga, nilai tukar secara bersama-sama berpengaruh signifikan terhadap IHSG. Koefisien determinasi dimana variabel independen mampu menjelaskan variabel dependen adalah 54%.



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INTRODUCTION

The capital market is one of the important components in a country's financial system that facilitates the trading of financial instruments, one of which is stocks. According to Hidayat et al. (2018) Stocks are an alternative investment that can provide benefits in the form of capital gains or dividends. Stocks themselves are the most popular financial instruments for investors because stocks provide a fairly high return and risk compared to

other investment instruments. Investors need to pay attention to the stock price and the amount of risk so that the level of profit can reach optimal. Stock price is one indicator of a company that is on the stock exchange market and can have an influence on the success of a company, which is determined by the demand and supply of shares in the capital market (Rianti, 2021). Stock price movements also change from time to time which can be caused by various factors such as market sentiment, economic news, company financial reports and global events that affect financial markets such as covid 19 that occurred in Indonesia 2020.

In Indonesia, one of the most important capital market performance indicators is the Jakarta Composite Index (JCI). JCI or often referred to as the Jakarta composite index is a reflection of stock price movements in various companies listed on the Indonesia Stock Exchange (IDX). JCI performance is very important for investors, market participants, companies, and governments because it can be used to assess the health and stability of the Indonesian capital market and provide a glimpse of the economic situation in the country. JCI movement is also influenced by several things, according to Silalahi & Sihombing (2021) JCI is strongly influenced by several macroeconomic factors, which include the exchange rate of one country against other countries, inflation, BI interest rates and economic growth that occurs in the country. Inflation itself is one of the macroeconomic factors that indirectly affect issues and the capital market. Alvian et al. (2019) explains that the impact of inflation can result in the poor economy of individuals and society as a whole.

A high inflation rate can have a negative impact on a county's economy as the prices of goods and services rise rapidly. This can lead to a decline in the real income of individuals and firms, which in turn can lead to a decline in demand for goods and services. As a result, many companies may hesitate to invest in new production capacity as there is no guarantee that demand will be strong enough to offset rising costs. Another factor that can affect the composite stock price index is interest rates. Bank Indonesia states interest rates as a policy that reflects that stance of monetary policy set by Bank Indonesia and announces to the public. The central bank regulated interest rates that affect the entire economy, central bank interest rates can be used to control inflation, economic growth, financial stability. The next factor that affects stock prices is the exchange rate, the exchange rate referred to in this study is the rupiah exchange rate against the Us dollar (USD / IDR). The exchange rate itself is a ratio that describes how much rupiah currency is needed to buy one unit of Us dollar. Exchange rates can fluctuate every day depending on several factors such as interest rates, inflation and global economic conditions such as the covid 19 pandemic.

The significant global pandemic in 2020 and continues to affect human life around the world and has a major impact on various aspects of the global economy, including the stock market due to social restrictions and lockdowns that caused disruption of business activities and economic uncertainty. As a result of this action, many companies experienced a decline in profits or revenue, thus affecting the ups and downs of their stock prices in the stock market, even investors also began to experience concerns and uncertainty about market conditions that caused a broad decline in stock value.

According to Silalahi & Sihombing (2021), signal theory explains how investors have relevant information about the Company's prospects. Companies that operate well will provide signals to investors through their financial statements where the information must be relevant, accurate and timely, so that it will make it easier for investors to determine their investment decisions. Information that has been announced or published is usually positive or negative, if the announcement is positive then the market will react both when the announcement has been received by the market, and vice versa if it is negative when the announcement can be indicated that the company's value is declining (Ida Ayu Wiasti Paramita Apsari, 2017).

According to Irine Irine Melyani (2021) explained that theoretically, signal theory also has an involvement in inflation, interest rates, and exchange rates that provide their respective signals to investors so as to influence investor decisions and result in changes in the composite stock price index. The relationship of signal theory with inflation is assumed, if inflation increases it will cause stock prices to fall. This is used as a signal by investors not to contribute when stock prices are falling. Interest rates are also related to signal theory, where if interest rates increase, investors are more likely or interested in investing in banks. This can also be used as a sign for lenders where they must invest their capital (Darmita, Ni Komang Ayu Tulus Sawitri & Dwitrayani, 2023). Exchange rates are also related to signal theory, where if the exchange rate against foreign currencies is weakening then it will make the foreign debt structure increase due to increased interest expenses. The relationship between signal theory and JCI is when investors get a signal whether they will also contribute by looking at the JCI development chart.

The results of previous studies also describe that JCI shows different or inconsistent results. First, Sukamto research (2018) concluded that partially inflation and exchange rates had a negative and significant effect on JCI. Sukamto research is also supported by the results of research from Silalahi & Sihombing (2021) which also concluded that inflation and exchange rates have a negative and significant effect on JCI partially. The results of this study contradict Hasanudin research (2018) which states that inflation has a positive influence on JCI. Hasanudin research is also supported by Mohammad Daffa's research (2023) which also states that inflation also has a positive effect on JCI. As for the variable interest rate, there are similarities between researchers Sukamto (2018) and Thiodorah (2020) who stated that interest rates have a negative but not significant effect on JCI.

Therefore, researchers take the following hypothesis:

- H1: Inflation negatively affects JCI;
- H2: Interest rates negatively affect JCI;
- H3: Exchange rate negatively affects JCI.

From several factors and phenomena that have been described above such as inflation, interest rates, exchange rates / exchange rates and the Covid pandemic that occurred at that time can have a positive or negative influence on the composite stock price index. So, this study aims to determine the effect of inflation, interest rates, exchange rates on the composite stock price index.

RESEARCH METHODS

Population refers to all the characteristics contained in the subjects and objects being studied (Martha & Simbara, 2021). The population used in this study is monthly closing time series data consisting of inflation, interest rates, exchange rates and JCI, namely 48 populations from January 2019 – December 2022. A sample is an object or subject chosen by the researcher that is useful for representing the entire population Mahendra (2016). Sampling in this study was carried out by purposive sampling and time series data for monthly periods. The type of data used in this study is quantitative where the research data is in the form of numbers measured using statistics. This research uses secondary data where the source of research data is obtained indirectly and obtained through internet sites. In this study, data sources were obtained from internet sites consisting of Central Bureau of Statistics (bps.go.id), Bank Indonesia (bi.go.id), Yahoo Finance - Live Stock Market, Quotes, Business & Financial News, Indonesia Stock Exchange (idx.co.id).

In this study, the method used in data collection is the documentation method, which is carried out by collecting data through interest sites in the form of the Central Bureau of Statistics (bps.go.id), Bank Indonesia (bi.go.id), Yahoo Finance - Live Stock Market, Quotes, Business & Financial News, Indonesia Stock Exchange (idx.co.id). The choice of this internet site is because it is easier to access the data and information needed by research.

The conceptual definition, operational and measurement variables are the drawing of constraints that explain the concept. With the aim that researchers can achieve size uniformity in accordance with the characteristics of variables, after the concept is defined, the next thing researchers do is proceed to the stage or step of using measuring devices to measure the phenomenon or variable being studied.

Inflation is one of the macroeconomic factors and is also a leading indicator of price stability in the economy. Bank Indonesia states that inflation is a condition in which the price of goods in general increases continuously or continuously within a certain period of time. The formula for calculating inflation is based on consumer index prices:

$$\text{Inflation} = \frac{\text{IHK}_t - \text{IHK}_{t-1}}{\text{IHK}_{t-1}} \times 100\%$$

An interest rate is a reward or fee paid or received by a person or entity for borrowing or saving money. The rise or fall of interest rates can also affect stock activities and JCI movements, if interest rates increase then investors tend to be interested in investing in deposits, bank savings, gold investments and so on because these investments offer safer returns and vice versa if interest rates are low then investors tend to invest in stocks because they want optimal returns. The formula for calculating real interest rates is as follows: Real interest rate = nominal interest rate – inflation rate (Rompas, 2018).

According to Mohammad Daffa (2023), the foreign exchange rate can also be defined as the amount of domestic money needed to obtain one foreign currency. Also exchange rate as one of the indicators that affect activity in the stock market and money market because

investors are cautious in investing Mahendra (2016). As for the formula for calculating the middle rate: $\text{Middle Kurs} = (\text{Kurs sell} + \text{Kurs buy}) / 2$ (Ilyas, 2019).

This data analysis method is carried out to determine and test whether there is a significant influence between independent and dependent variables. In this study, the initial stage of data testing carried out was panel data regression analysis because it used EViews to determine which model was the best, according to Kurniawan (2018) There are three types of estimation models that can be used to test panel data, consisting of common effect model (CEM), fixed effect model (FEM), random effect model (REM). In this study, the best model chosen was the common effect model (CEM). After determining the model, the next stage is descriptive statistical analysis by looking at the mean, median, maximum, minimum, standard deviation, and other statistical tests that aim to provide a comprehensive picture of the variables to be tested. The next stage is the calculus assumption test which consists of a normality test which is said to be normal if the probability value $> 0,05$. After conducting the normality test, the next stage is a multicollinearity test to ensure there is no significant relationship between the independent variables in the regression model studied, the limitation value used $< 0,85$ if more, then there are considered symptoms of multicollinearity and heteroscedasticity tests to determine whether there is residual variance instability from one observation to another in the regression model, If the significance result is less than $0,05$ then there the data shows heteroscedasticity, while if the result is greater than $0,05$ then the data shows homoscedasticity or shows no signs of heteroscedasticity (Sukamto, 2018). The last stage is hypothesis testing consisting of t test, f test, and coefficient of determination which aims to assess the extent to which the significance of the hypothesis in the study is accepted or rejected.

RESULTS and DISCUSSION

In this research conducted using a type of panel data regression analysis using the help of the EViews 12 application. This analysis is used to determine the direction of the relationship and strength of the research variables. Panel data is data that describes a combination of time span and cross section data, while the range or time series is from the entire research variable will be observed in an observation unit with a certain period of time. Cross section is a measurement seen from several observation units in a predetermined period. Panel data regression model testing is performed to find the optimal model among the three, several tests need to be performed, including the Chow test to determine the best model between CEM or FEM, the Hausman test to determine the best model between FEM or REM, and the Lagrange Multiplier (LM) test to determine the best model between REM or CEM. Here are the results of regression testing that has been done:

Table 1 *Chow Test*

Effect Test	Statistics	D.F.	Prob.
F cross section	0.633773	(11,33)	0.7869
Chi-square cross section	9.199639	11	0.6035

Source: Data processing result from EViews 12, 2023

Based on the results of table 1 testing using the EViews 12 test tool, a cross-section chi square of 0,6305 > 0,05 was obtained, which means that in the chow test the selected model or the one that provides the best value is the CEM model. When CEM is selected, it can be continued with Lagrange multiplier testing.

Table 2 Lagrange Multiplier Test

	Test the hypothesis		Both
	Cross-section	Time	
Breusch-Pagan	1.215281 (0.2703)	72.48308 (0.0000)	73.69836 (0.0000)

Source: Data processing result from EViews 12, 2023

The Lagrange multiplier test is a test used to assess the superior model between random effects and general effects. Based on the results of table 2 testing using the EViews 12 test tool, a Breusch-pagan cross-section of 0,2703 bigger than 0,05 was obtained, which means that in the langrage test multiplier test, the selected model or the one that gives the best value is the CEM model and the test is completed.

Table 3 Common Effect Model Panel Data Regression Result

Variable	Coefficient	Error Std.	t-Statistics	Prob.
C	6.232951	0.863699	7.216576	0.0000
Inflation	18.50637	2.435454	7.598734	0.0000
Interestrates	-8.950655	2.538281	-3.526266	0.0010
Exchangerate	-2.037468	0.406612	-5.010843	0.0000

a. Dependent Variable: Jakarta Composite Index

Source: Data processing result from EViews 12, 2023

$$\text{Panel Data Regression Equation JCI} = 6.232951 + 18.50637 (\text{Inflation}) - 8.950655 (\text{Interest Rate}) - 2.037468 (\text{Exchange Rate})$$

The constant value is 6,23% which means that without inflation variables (X1), interest rates (X2), exchange rates (X3), the JCI variable (Y) will increase by 6,23%. The value of the beta coefficient of the inflation variable (X1) is 18,5%, if the value of other variables is constant and the inflation variable increases by 1%, then the JCI variable (Y) will increase by 18,5% and vice versa (unidirectional). The value of the beta coefficient of the interest rate variable (X2) is -8,95%, if the value of other variables of the variable ang variable interest rate increases by 1%, then the JCI variable (Y) will decrease by -8,95% and vice versa (in the opposite direction). The value of the beta coefficient of the exchange rate variable (X3) is -2,03%, if the value of other variables constants and exchange rate variables increases by 1%, the JCI variable (Y) will decrease by -2,03% and vice versa (in the opposite direction).

Table 4 Descriptive Statistical Analysis

	Inflation	Interest Rate	Exchange Rate
Mean	0.027065	0.045521	2.082917
Median	0.026050	0.041250	2.060000
Maximum	0.059500	0.060000	2.350000
Minimum	0.013200	0.035000	1.960000
Std. Dev.	0.012793	0.010854	0.075314
Skewness	1.007173	0.408794	1.565960
Kurtosis	3.205572	1.405213	5.557967
Jarque-Bera	8.199705	6.423590	32.70423
Probability	0.016575	0.040284	0.000000
Sum	1.299100	2.185000	99.98000
Sum Sq. Dev.	0.007692	0.005537	0.266592
Observations	48	48	48

Source: Data processing result from EViews 12, 2023

Descriptive statistics are descriptions of data depicted through mean, sum, range max, min. The mean is the average of the total data divided equally. Sum the total amount of overall data, range describes the difference in max or min in a data. Minimum is the smallest value of a data while maximum is the largest value of a data. In this study statistical data can be obtained using EViews 12. Information collected using these software tools can be used as an illustration of the relationship between the independent variable and the dependent variable. Based on the output results in table 4 shows that the number of samples used in this study amounted to 48. The indicator of measuring the inflation variable (X1) can be seen from the consumer price index (CPI), for output results above inflation have a maximum value of 0.059500 while the minimum value is 0.013200. The average value of 0.027065 with a standard deviation value of 0.012793 shows that the inflation variable has a higher average value than the standard deviation. Therefore, it can be concluded that in the inflation variable, the distribution of data is evenly distributed. Likewise, for interest rates (X2) and exchange rates (X3) the same as inflation, for standard deviations lower than the average value.

The next test is the classical assumption or prerequisite involving the normality test, multicollinearity test, and heteroscedasticity test. From the results of regression analysis on previous panel data, it was concluded that this research model is the Common Effect Model (CEM). For this model, the tests performed include normality tests and multicollinearity tests. The following are the results of the examination of classical assumptions that have been carried out.

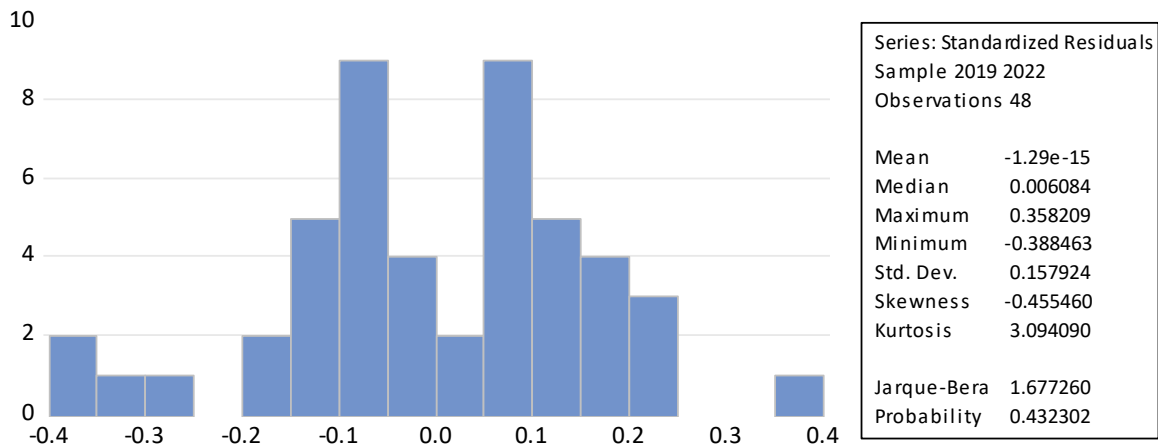


Figure 1 Result of Normality Test

Source: Data processing result from EViews 12, 2023

The Normality Test is a test where independent variables and dependent variables in this regression model are either normally distributed or not. It is known that the results of the t test and f test show residual disinfection following a normal pattern. If this assumption is not met, then statistical tests cannot be applied to a limited sample. If the significant value of the test < the specified significant level (0.05), then it can be declared that the data distribution does not qualify as a normal distribution. If the significant value of the test > the specified significance level (0.05), then it can be stated that the data distribution can be considered as a normal distribution. The data normality test is said to be normal if the probability value > 0,05, this indicates that the data is normally distributed and worthy of further testing.

Table 5 Multicollinearity Test

	Inflation	Interest Rate	Exchange Rate
Inflation	1.000000	0.282040	0.504990
Interest Rate	0.282040	1.000000	-0.217279
Exchange Rate	0.504990	-0.217279	1.000000

Source: Data processing result from EViews 12, 2023

Multicollinearity Test is a test that aims to ensure that there is no significant relationship between independent variables in the regression model being studied. A regression model is considered good if it avoids the problem of Multicollinearity, which means that there is no significant correlation between independent variables. Based on the output results of table 5, Multicollinearity testing can be said to be exposed to Multicollinearity if the probability value is > 0,85, while for tests above the probability value is 0.504990 < 0.85, which means it passes the Multicollinearity test and can be continued heteroscedasticity testing.

Table 6 Heteroskedasticity Test

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-0.378478	0.492848	-0.767940	0.4466
Inflation	-1.785230	1.389729	-1.284588	0.2057
Interestrates	1.156254	1.448405	0.798295	0.4290
Exchangerate	0.240639	0.232023	1.037134	0.3053

Source: Data processing result from EViews 12, 2023

Heteroscedasticity refers to situations or conditions where variance and disturbance in a linear regression model vary between independent variables. The heteroscedasticity test is used to determine if there is instability in the residual variance from one observation to another in the regression model. If the residual variance is consistent among observations, then it is called homoscedasticity, whereas if the variance changes, then it is called heteroscedasticity. This test aims to evaluate the relationship of variable x as an independent variable to the residual value of regression that is not standardized in the form of a dependent variable. If the significance result is less than 0.05 then there is an indication of heteroskedasticity, while if the result is greater than 0.05 then the data shows homoscedasticity or does not show signs of heteroscedasticity (Sukamto, 2018). Based on the results of the heteroscedasticity test output in table 6, it can be interpreted that the probability value for each variable x is more than 0,05, which means that this test includes homoscedasticity and is not exposed to heteroscedasticity.

The next test is the hypothesis test which is a model evaluation procedure that aims to assess the extent to which the significance of the hypothesis in research is accepted or rejected.

Table 7 T Statistic Test

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	6.232951	0.863699	7.216576	0.0000
Inflation	18.50637	2.435454	7.598734	0.0000
Interestrates	-8.950655	2.538281	-3.526266	0.0010
Exchangerate	-2.037468	0.406612	-5.010843	0.0000

Source: Data processing result from EViews 12, 2023

A partial t statistical test is a hypothesis testing method used to measure the extent to which the independent variable in a research model can explain the variation of the dependent variable separately. The results of this test are used as a basis for making a decision whether the proposed hypothesis needs to be accepted or rejected, by referring to the significance level listed in the probability column.

The inflation variable (X_1) has a t-Statistic value of 7,598 which indicates that inflation has a positive direction on the JCI with a probability (Significance) value of 0,0000 ($< 0,05$), it can be concluded that H_0 is accepted and H_a is rejected, which means that variable X_1 has a positive and significant effect on variable Y .

The interest rate variable (X2) has a t-Statistic value of -3,526 which indicates that interest rate has a negative direction on the JCI with a probability (Significant) value of 0,0010 (< 0,05), it can be concluded that H0 is rejected and Ha is accepted, which means that variable X2 has a negative and significant effect on variable Y.

The exchange rate variable (X3) has a t-Statistic value of -5,010 which indicates that the exchange rate has a negative direction on the JCI with a probability (Significant) value of 0,0000 (< 0,05), it can be concluded that H0 is rejected and Ha is accepted, which means that variable X3 has a negative and significant effect on variable Y.

Table 8 F Statistic Test

R-squared	0.568751	Mean dependent var	2.082500
Adjusted R-squared	0.539347	S.D. dependent var	0.240483
S.E. of regression	0.163219	Akaike info criterion	-0.707793
Sum squared resid	1.172179	Schwarz criterion	-0.551859
Log likelihood	20.98703	Hannan-Quinn criter.	-0.648865
F-statistic	19.34304	Durbin-Watson stat	2.375318
Prob(F-statistic)	0.000000		

Source: Data processing result from EViews 12, 2023

Simultaneous testing (statistical test f) is a hypothesis test used to determine whether the independent variable has a real influence on the dependent variable simultaneously or as a whole. The result of the f test in this testing process can be found through its probability value. That the F-Statistic value is 19,343 with a probability(F-Statistic) value of 0,0000 (< 0,05), it can be concluded that the independent variables as a whole or simultaneously are considered to have a significant influence on the dependent variable.

Based on table 8, it is known that the Adjusted R Square value is 0,539, so this indicates that the ability of the independent variable to influence the dependent variable simultaneously (simultaneously) is 54%, which means that the independent variable consisting of inflation, interest rates, exchange rates is able to explain the dependent variable JCI by 54%, while the remaining 46% (100 - Adjusted R Square value) is explained by other variables that are not included in this research model.

DISCUSSION

The effect of inflation on the Jakarta composite index

Based on the hypothesis proposed in this study, it is concluded that inflation has a positive effect on the JCI. This is due to the positive effect of inflation on the JCI, which can be interpreted as an indication that economic conditions are improving or investors believe that economic growth will continue. When inflation is well controlled it creates an environment where companies can increase the price of their product. This increase in product prices can contribute to an increase in revenue and profit. The findings of this study also show that inflation is not in line with signal theory which says that the higher the inflation, the lower the stock price and even vice versa, an increase in inflation should be followed by an increase in stock prices, but the result of this study also strengthens the result of previous studies conducted by Hasanudin (2018) and Daffa (2023) which state that inflation has a positive effect on JCI.

The effect of interest rates on the Jakarta composite index

Based on the second hypothesis that has been proposed in this study, it states that interest rates have a negative effect on the JCI because if interest rates are set high, it will also affect the interest on loans and deposits which will cause companies that have debt to be burdened and earn less profit resulting in a decline in stock prices. If this experienced by several companies it will also affect the JCI. The result of this study also shows interest rates increase, investors are more likely or interested in investing in banks. So, it can be concluded that interest rates have a negative effect. The result of this study also strengthen the result of previous research conducted by Sukamto (2018) and Thiodorah (2020) which state that interest rates have negative effect on JCI.

The effect of exchange rate on the Jakarta composite index

Based on the third hypothesis that has been proposed in this study, it states that the exchange rate has a negative effect on the JCI because the rupiah is depreciating, it will affect the profits of companies that use production materials from aboard because the value of debt has increased and will have an impact on the share price. The result of this study is also in line with the signalling theory that if the exchange rates against foreign currencies is weakening then it will make the structure of foreign debt increase due to increased interest expense. The result of this study also strengthen the result of previous research conducted by Silalahi & Sihombing (2021) and Sukamto (2018) which state that the rupiah exchange rate has a negative effect on JCI.

CONCLUSION

The conclusion obtained from this study is that inflation variables partly have a positive and significant effect on JCI. This is shown through a significance value that is less than the minimum level of significance so that it shows that H_0 is accepted and H_a is rejected where inflation has a positive effect on JCI which means that if inflation increases, JCI will also increase, variable interest rates partly have a negative and significant effect on JCI. This is shown through a significance value that is less than the minimum level of significance so that it shows that H_0 is rejected and H_a is accepted where interest rates negatively affect JCI which means that if interest rates rise, JCI will decrease, exchange rate variables partially have a negative and significant effect on JCI. This is shown through a significance value that is less than the minimum level of significance so that it shows that H_0 is rejected and H_a is accepted where interest rates negatively affect JCI which means if the exchange rate rises, JCI will decrease, inflation, interest rates, and exchange rate variables together have a significant effect on JCI. The suggestion for future researchers is to analyse more deeply the interaction between inflation, interest rate, and exchange rate factors on the composite stock price index. Expand the scope of the literature and consider other control variables that may affect the stock market. The implication is that the results of this study can provide valuable insights for investors and fund managers in understanding how macroeconomic factors can affect the performance of the composite stock price index, public companies can also use the findings of this study as a consideration for decision making to invest.

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