



Analysis Of The Influence Of SBI Interest Rate, Exchange Value, Dow Jones Index And Gold Prices On Joint Stock Price Index In Indonesia Stock Exchange

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ARTICLE INFO

Article history:

Received Sept 9, 2022

Revised Okt 19, 2022

Accepted Okt 20, 2022

Keywords:

JCI
SBI Interest Rates
Dow Jones Index Exchange Rates
Gold Prices

ABSTRACT

The capital market is one of the drivers of a country's economy, the condition of a country's capital market is strongly influenced by various factors, namely internal and external macroeconomic conditions that affect the country. , the Dow Jones Index and the price of gold against the Stock Price Index (JCI), during the 2018 observation period quarter I - 2021 Quarter IV, either partially or simultaneously. The data used in the form of secondary data obtained through the website of Bank Indonesia and idx. The data analysis method used is multiple linear regression analysis with a significance level of 0.05. The conclusion of this study is that in the period, the exchange rate of the Rupiah against the United States Dollar, the Dow Jones Index and the gold price partially had a significant effect on the JCI. Meanwhile, the BI interest rate has no effect on the JCI. In addition, it was found that the R-square value was 87.7%. This means that 87.7% of all observations show that the independent variable is able to explain the variation of the dependent variable, the remaining 12.3% (obtained from 100% - 87.7%) is influenced by other factors that are not visible in the model or the error

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INTRODUCTION

The macroeconomic environment is the environment that affects the day-to-day operations of the company. The ability of investors to understand and predict future macroeconomic conditions will be very useful in making profitable investment decisions. For this reason, an investor must consider several macroeconomic indicators that can assist investors in making investment decisions. Macroeconomic indicators that are often associated with the capital market are fluctuations in interest rates and exchange rates or the rupiah exchange rate, (Vina sintya dewi, 2016).

The capital market is one of the drivers of the economy of a country. Because the capital market is a means of forming capital and accumulating long-term funds aimed at increasing public participation in mobilizing funds to support national development financing. In addition, the capital market is also a representation to assess the condition of companies in a country. Because almost all industries in a country are represented by the capital market. The capital market that is experiencing an increase (Bullish) or experiencing a decline (Bearish) can be seen from the rise and fall of recorded

stock prices which is reflected through an index movement or better known as the Composite Stock Price Index (JCI). JCI is the value used to measure the combined performance of all shares (companies/issuers) listed on the Indonesia Stock Exchange (IDX).

The Indonesian capital market through the Indonesia Stock Exchange is an inseparable part of the activities of the global stock exchange. In addition, usually for stock exchanges that are close to each other, they often have the same investors. The phenomenon that occurs due to globalization and Indonesia as a member of the World Trade Organization has opened a stock exchange for foreign investors who invest around the world. Therefore, changes in one exchange will also be transmitted to exchanges in other countries. In this case, usually the larger exchange will affect the smaller exchange. The Dow Jones Index is the oldest stock market index in the United States and is a representation of the performance of the most important industry in the United States (www.nyse.com). Companies listed on the Dow Jones Index are generally multinational companies. Their operations are spread all over the world. Companies such as Coca-Cola, ExxonMobil, Citigroup, Procter & Gamble are examples of companies listed on Dow Jones and operating in Indonesia (www.kompas.com). These companies generally operate directly in Indonesia. The Dow Jones index is moving up, indicating the performance of the United States economy in general is in a good position. With good economic conditions, it will move the Indonesian economy through export activities and capital inflows, both direct investment and through the capital market (Sunariyah, 2006). Capital flows that enter through the capital market will certainly have an influence on changes in the JCI.

The importance of knowing and observing changes in stock price index numbers as an indicator of capital market performance has benefits. The Composite Stock Price Index (JCI) is used as the official indicator of the Indonesian capital market, by observing the Composite Stock Price Index (IHSG) it can be seen the state or trend of stock prices that occur in the capital market. At one time the capital market can be said to be experiencing a bull market period, namely the securities trading climate where prices tend to rise. Price movements are like bulls or bull horns when competing. This movement is different from the Bear Market, where stock prices move down and sluggishly like when bears fight.

As described above, the JCI is used as an official indicator in the performance of the Indonesian market. In addition, the development of the JCI in the JSE throughout the history of the Indonesian capital market has always fluctuated. The fluctuations in the composite stock price index that occur, besides being influenced by factors related to the issuer company (micro factors) are also influenced by factors outside the issuer (macro factors) where this is a systematic risk in stock investment.

Systematic risk is the risk posed by macro factors that affect all companies that go public including economic growth, deposit interest rates, inflation, foreign exchange rates, gold prices and government policies in the economic field. These factors, either directly or indirectly, caused the JCI to increase and decrease in line with changes in macro conditions in the country concerned.

METHOD

This study uses secondary data from the Indonesia Stock Exchange website which can be accessed through www.idx.go.id, the Bank Indonesia website which can be accessed through www.bi.go.id, and the Central Statistics Agency. The time of the research was carried out starting from the first quarter of 2018 to the fourth quarter of 2021. This research method is ex post-facto, namely data collection is carried out after all events have finished taking place. With this method, it is hoped that the effect of the BI interest rate, the Rupiah exchange rate against the US dollar, the Dow Jones index and the Gold Price on the Composite Stock Price Index (IHSG) on the Indonesia Stock Exchange will be known.

Research variable

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The following are the research variables used in this study;

- 1) The stock price index variable tested is the composite stock price index on the Indonesia Stock Exchange. This study will use daily closing data which will then be tested how much the reaction of the composite stock price index to the BI interest rate, the Rupiah exchange rate against the US dollar, the Dow Jones index and the Gold Price.
- 2) Bank Indonesia's interest rate variable is the monetary policy carried out by the state to regulate the economy and the country's economic growth. The data used is the interest rate of Bank Indonesia.
- 3) The variable exchange rate of Rupiah against the US dollar can be defined as US dollars when exchanged for Rupiah or the price of US dollars in Rupiah units. The data used is BI buying rate data against the US dollar daily during the research period on the www.bi.go.id website.
- 4) The Dow Jones index variable is the main stock index of the United States which is calculated using the value weighted method. The Dow Jones index is calculated based on the performance of the Dow Jones stock market. The data used is daily closing data during the research period.
- 5) The world gold price variable is the spot price formed from the accumulation of supply and demand in the London gold market. The gold price used is the closing gold price in the afternoon (P.M Gold gold price). World gold price data is taken from www.goldfixing.com.

Data analysis technique

The data analysis technique in this study used multiple linear regression analysis. Prior to the multiple linear analysis, the classical assumption test is performed first, where the classical assumption test is a model test that aims to make the regression model unbiased or to make the regression model BLUE (Best Linear Unbiased Estimator) (Gujarati and Sumarno, 2003: 154). The tests include: Normality Test, Multicollinearity Test, Heteroscedasticity Test and Autocorrelation Test. Multiple Linear Regression Analysis is used to determine the direction of the relationship between the independent variables and the dependent variable whether each independent variable is positively or negatively related (Gujarati, 2003: 92).

RESULTS AND DISCUSSIONS

The results of the calculation of data processing and hypothesis testing can be shown in the analysis as follows:

Table 1. Significance Test of Each Regression Coefficient

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Correlations Zero-order	Collinearity Statistics	
		B	Std. Error	Beta				Tolerance	VIF
		1	(Constant)	10416.063				2416.455	
	x1=SBI	112.161	128.951	.181	.870	.403	.165	.257	3.887
	x2=Kurs	-.410	.118	-.414	-3.468	.005	-.721	.783	1.278
	x3=Indeks Dow Jones	.119	.023	.845	5.082	.000	.412	.403	2.479
	x4=Harga Emas	-1.565	.472	-.642	-3.313	.007	-.312	.297	3.370

a. Dependent Variable: y=IHSG

By looking at the regression results obtained, the researcher can take it explained that for the Composite Stock Price Index (IHSG):

The BI interest rate does not have a positive effect on the Composite Stock Price Index

This is because the type of investor in Indonesia is an investor who likes to conduct short-term stock transactions (traders/speculators), so that investors tend to take profit taking with the hope of obtaining a high enough capital gain in the capital market compared to investing in SBI (Manullang, 2008).

The Rupiah exchange rate against the Dollar has a negative effect on the Composite Stock Price Index

This is because with the occurrence of fluctuations in foreign exchange rates, either increasing or decreasing, it can affect the attitudes and expectations of investors in their investments, resulting in a decrease in investment value (Istijanto, 2009).

The Dow Jones Index has a positive effect on the Composite Stock Price Index

This is motivated because the United States is Indonesia's main export destination (www.bi.go.id). So that changes in economic conditions in the United States which will be reflected in the Dow Jones Index will have an impact on the Indonesian economy through the JCI. This supports the research conducted by Bernd Hayo and Ali M. Kutan (2004) on the influence of the world capital market on the capital market of a country.

Gold Price has a negative effect on the Composite Stock Price Index

The increase in gold prices will encourage investors to choose to invest in gold rather than in the capital market. Because with a relatively lower risk, gold can provide good returns with rising prices (Adrienne Roberts FT Personal Finance, October 27th 2001, p 14). When many investors switch their investment portfolios into gold bullion, this will result in a decline in the stock price index in the country concerned because of the selling action by investors.

CONCLUSION

From the results of testing the research hypotheses above, statistically it can be concluded that the variable exchange rate of the Rupiah against the United States Dollar, the Dow Jones Index and the price of gold has a significant effect on the JCI, while the BI interest rate variable does not significantly affect the JCI. This research is only limited to some of the factors that affect the JCI, namely the BI interest rate factor, the Rupiah exchange rate against the US Dollar, the Hang Seng index and the gold price. So for future research it can be suggested to add other relevant variables that can affect the Composite Stock Price Index (CSPI) on the Indonesia Stock Exchange. Expand the scope of research such as regional or global stock exchanges, and extend the research time.

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