

THE INFLUENCE OF INFLATION RATE, INTEREST RATE, AND MONEY SUPPLY ON SHARE PRICE LQ45

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Abstract. *The purpose of this study is to determine the influence of inflation rate, interest rate, and money supply on LQ45 stock price either partially or simultaneously. This research is a quantitative research that aims to test the hypothesis. Objects in this study are: inflation rate, interest rate, money supply, and stock price LQ45. The research period is 2010 to 2016. The data used is quantitative data from secondary sources. The method of analysis used is multiple linear regression with hypothesis testing using t test and F test. Based on the results of the study it can be concluded that: 1) the inflation rate does not affect the CSPI LQ45; 2) the interest rate does not affect the CSPI LQ45; 3) the money supply has a significant influence on CSPI LQ45; 4) Simultaneously, the inflation rate, interest rate and money supply have a significant influence on CSPI LQ45.*

Keywords: Inflation Rate, Interest Rate, Money Supply, and CSPI LQ45

I. INTRODUCTION

Investments made by investors can be placed on real assets and financial assets. One of the most attractive financial assets for investors is in the stock market because stocks provide the higher possibility of huge returns in a short time.

Investing in stocks will be exposed to returns and risks. Therefore, in investing in stocks must conduct an analysis of both. The profit gained by investors from investment in stock can be dividend and capital gain. Dividend is the distribution of profits provided by the issuing company of the profits obtained by the company. While capital gains are the difference between the purchase price and the selling price of the stock.

The stock is known for its high risk-high return characteristics, meaning that stocks are securities that offer high profit opportunities but also high risk potential. Stocks allow investors to earn a large amount of returns or profits in a short period of time. However, as stock prices fluctuate, stocks can also make investors suffer huge losses in a short time.

The risks faced by investors from stock ownership

are: not getting a dividend because the company suffered losses and capital loss because investors sell their shares at lower prices than the purchase price. In addition to these two risks, there are still other risks, among others: bankrupt companies or liquidated, delisting, and shares in suspend.

The first step when trying to conduct an economic analysis before investing is to observe macroeconomic indicators, will assist investors in predicting what changes will occur in the capital market. For example, forecasting interest rates. If interest rates increase, then investors need

to make a sell decision, because stock and bond prices tend to decrease. So the ability to predict changes in macroeconomic variables also greatly assist investors in making the right investment decisions.

The condition of the capital market, can not be separated from the overall assessment of the macro economic situation. In theory, capital market conditions are strongly influenced by aggregate economic performance. The relationship between capital markets and macroeconomics shows a positive

correlation. That is, the macroeconomic situation is so great influence on the capital market. The capital market plays an important role in the Indonesian economy and the Jakarta Composite Index (CSPI) can be a leading economic indicator in Indonesia. The presence of capital markets in Indonesia is one of the important factors in the development of the national economy, proven to have many industries and companies that use this institution as a medium to absorb investment and media to strengthen its financial position. In fact, the capital market has become a financial nerve center in today's modern economy, and even modern economies will not be able to exist without a robust and globally-organized and well-organized capital market. [1]

Macro factors are factors that are outside the company, but have an effect on the increase or decrease in company performance either directly or indirectly. Macroeconomic factors that can directly affect the performance of stock and company performance include: 1. Domestic general interest rate, 2. Inflation rate, 3. Tax laws, 4. Special government policies related to certain companies, 5. Foreign exchange rates, 6. Foreign interest rate, 7. International economic condition, 8. Economic cycle, 9. Economic understanding, and 10. Money circulation. [2]

Changes in macroeconomic factors above will not immediately affect the company's performance, but slowly in the long run. Instead, stock prices will be affected instantaneously by changes in macroeconomic factors as investors react more quickly. When the macroeconomic factor changes occur, the investor will calculate both

positive and negative impacts on the company's

performance over the next few years, then take the decision to buy or sell the shares in question. Therefore, stock prices more quickly adjust than firm performance against changes in macroeconomic variables.

A wide range of macroeconomic indicators; ie, inflation, interest rates, money supply, industrial production index, gross domestic product, crude oil price, gold price, silver price, exchange rate, foreign exchange

reserve, balance of payment, foreign direct investment, foreign institutional investment (FII) budget deficit,

employment rate, foreign trade, international stock

markets, small saving, RBI open market operation, and so on which can affect stock price. [3]

There are several indicators that affect the macro economy such as inflation, interest rate, money supply, industrial production index, gross domestic product, crude oil price, gold price, silver price, exchange rate, foreign exchange reserve, and others.

The relative rise in inflation is a negative signal for investors. Viewed from the consumer side, high inflation will result in consumer purchasing power (community) decreased. When viewed from the side of the company, inflation can increase revenue and corporate costs. If the increase in factor costs is higher than the increase in prices that can be enjoyed by the company, the profitability of the company will decrease. Inflation has an impact on raising interest rates. Increased interest rates will directly increase the interest expense. Companies that have high leverage will have a very heavy impact on interest rate increases. [4] The interest rate is inversely related to the stock price.

An increased interest rate will lead to an increase in interest rates imposed on an investment in a stock. In addition, increased interest rates may also cause investors to withdraw their investments in stocks, then transfer them to investments in the form of savings or deposits.

Money is at the heart of many macroeconomic analyzes. Models of money supply and money demand can help study the determinants of long-term price levels and the causes of short-run economic fluctuations. The money supply is determined and determined by the Central Bank. The equation of quantity theory states that in every country, the supply of money (money supply) is equal to the demand for money that directly affects the demand for goods and services produced in a country. An increase in the money supply is associated with a business cycle expansion. An increase in the money supply will encourage increased sources of financing for the company so that the company can expand its business expansion more broadly that ultimately improve the performance of the company. Increased corporate performance will stimulate investors to glance at shares of the company so that a positive impact on stock prices. [5]

In accordance with the purpose of research, the hypothesis in this study as follows.

- H1. Inflation rate negatively affects the LQ45 composite stock price index
- H2. The interest rate negatively affects the composite stock price index LQ45
- H3. The money supply has a positive effect on the composite stock price index LQ45
- H4. The inflation rate, the interest rate and the money supply simultaneously affect the CSPI LQ45

II. THEORETICAL REVIEW

Inflation

Inflation is a general rise in commodity prices caused by the synchronization between procurement commodity procurement programs (production, pricing, money printing, etc.) with income levels owned by the public.” [6], “Inflation is a condition of an increase in price-haga prevailing in an economy on an ongoing basis. [7], Inflation is an increase in the general price level of goods and services; it represents a reduction in a dollar’s purchasing power. [8], [9]

The most commonly used indicator to measure inflation is the Consumer Price Index (CPI) [10]. The CPI is a price indicator used so far to see the success of monetary policy in controlling inflation, as it can be available more quickly than other indicators, such as the Free Trade Price Index and GDP deflator. Specifically, the CPI is an index used to measure the average price changes in general from a certain number of items in a certain period of time or also called inflation.

The type of inflation by nature is divided into three main categories, namely as follows: 1) Inflation creep I low (creeping inflation), ie inflation of less than 10% per year; 2) Medium inflation (galloping inflation) is between 10-30% per year. This inflation is usually characterized by rapid and relatively large increases in prices. The inflation rate under these conditions is usually called 2 digits, for example 15%, 20%, 30%, and so on; 3) High inflation (high inflation), namely inflation of magnitude between 30-100% per year. Under these conditions prices generally rise; and 4) Very high inflation (hyper inflation), ie inflation marked by drastic price increases up to 4 digits (above 100%). In this condition people do not want to save money anymore, because its value drops very

sharply, so it is better to be exchanged with goods. [11] It can be concluded that inflation is an economic situation that has increased the price of goods and services in general and continuous and can not be prevented in an economy. The nature of inflation is divided into three namely low inflation, less than 10% per year, medium inflation, ranging from 10% -20% per year, high inflation, ranging from 30% -100%, and inflation is very high above 100%.

Interest Rate

High interest rate is a negative signal to stock prices. In addition, an increased interest rate can also cause investors to withdraw their investments in stocks and transfer them to investments in the form of savings or deposits. The strengthening of the rupiah against the foreign currency is a positive signal for the economy experiencing inflation. The strengthening of the rupiah against foreign currencies will lower the cost of importing raw materials for production, and will lower the prevailing interest rates. [12]

BI rate is the policy rate reflecting the stance or stance of monetary policy stipulated by Bank Indonesia and announced to the public.[13]

Interest rate is one of the important macroeconomic variables that is related to economic growth. Generally, the interest rate is considered as the cost of capital, which means the price paid for the use of money for a period of time. The direction of interest rate movement is of primary importance to the stock market. [3] If interest rates rise, investors can transfer their money from stock to deposit. But if the interest rate increase coincided with the weakening of the rupiah exchange rate significantly, then some investors are better placed the money in the form of foreign exchange. If interest rates fall, investors are better off shifting their funds from deposits to stock investments.[14] The Changes in interest rates will affect the stock price in reverse, *ceteris paribus*. If interest rates rise, then stock prices will fall, and vice versa if interest rates fall, stock prices will rise. [12]

BI rate implies the value of deposit and banking rates. BI rate is influenced by inflation rate. The bigger the inflation rate, the BI rate will adjust that eventually the interest rate of banking credit will also be raised. The greater the value of inflation, the likelihood of credit default is greater. So the bank must increase the loan interest rate. Together with that,

with growing inflation, people's purchasing power declines and companies are finding it increasingly difficult to increase sales and generate profits. So the source of the company's capital will depend on loans from banks.

The function of interest rates is as follows: 1) As an attraction for savers who have more funds to invest; 2) Interest rates can be used as a means of control for the government against direct funds or investments in the economic sectors; 3) Interest rates can be used as a monetary tool in order to control the supply and demand of money circulating in an economy. For example, the government supports the growth of a particular industry sector. If the companies of the industry will borrow funds, then the government provides a lower interest rate than other sectors; and 4) The government can manipulate the interest rate to increase production, as a result the interest rate can be used to control the rate of inflation.[15]

Based on the description, it can be concluded that the interest rate is the result of changes in the rate of inflation that causes Bank Indonesia to change the BI rate. However, the BI rate and the interest rate are not always the same. Banks have their respective policies to set interest rates but must adjust to the BI rate. In essence, the reference of this study is the BI rate used to stabilize economic conditions and balance between savings offer and investment demand. If interest rates increase, interest in deposits will increase. But if interest rates decrease investment demand will increase. This resulted in stock prices declining as interest rates increased, and increased as interest rates declined.

Money Supply

Money Supply divided into 3, namely: (a) M1 (money supply in the narrow sense) consists of currency (paper and metal) plus money deposits that are very easily disbursed into money, ie savings by check; (b) M2 (supply of money in a broad sense) consists of M1 plus savings and time deposits in small quantities. And (c) M3 (money supply in the broader sense) consists of M2 plus large time deposits [17]

The influence of the amount of money circulating in the community against the movement of stocks can be shown by various theories one of them is Keynesian Theory which is applied as the transmission of monetary policy namely The Cost Of Capital Channel. In Keynes's economic theory, the

interest rate is the primary link between the monetary sector and the real sector. Changes in the amount of money for example, will affect the interest rate. Changes in interest rates will affect investment or even consumption. Investment is part of aggregate expenditure. Changes in total expenditure in turn will have a double effect on the balance of national income.

As the money supply in the community grows so that the expectation of prices of goods and services will rise (inflation) resulting in the deposit interest rate in the economy declining. The decline in deposit interest rates has prompted people to invest in the stock market in the hope of gaining greater profits, which will have an impact on the increasing demand for stocks in the capital market.

Stock Price Index

One indicator of stock price movement is the stock price index. Currently, IDX has several stock indexes, among others: 1) CSPI that uses all companies listed as component of index calculation; 2) Sectoral index using all listed companies included in each sector. Currently, there are 10 sectors in BEI namely agriculture, mining, basic industries, various industries, consumer goods, property, infrastructure, finance, trade and services, and manufacturing; 3) LQ45 index is index consisting of 45 shares of listed company selected based on liquidity and market capitalization considerations, with predetermined criteria. Review and stock replacement is done every 6 months; 4) Jakarta Islamic Index (JII) is an index which uses 30 shares selected from shares that fall within the criteria of sharia (List of Sharia Securities issued by Bapepam-LK) taking into account market capitalization and liquidity; 5) Compass Index 100 is an index consisting of 100 shares of listed companies selected based on consideration of liquidity and market capitalization, with predetermined criteria. Review and stock replacement is done every 6 months; 6) BUSINESS INDEX-27. The joint venture between the Indonesia Stock Exchange and Bisnis Indonesia daily launched a stock price index called BISNIS-27 Index, an index comprising of 27 shares of listed companies selected based on fundamental criteria, technical or liquidity of transactions and accountability and corporate governance; 7) PEFINDO25 Index. The cooperation between the Indonesia Stock Exchange

and rating agency PEFINDO launched a stock price index called PEFINDO25 Index. This index is intended to provide additional information for investors, especially for small and medium issuers (Small Medium Enterprises I SME). This index consists of 25 shares of listed companies selected by considering the criteria such as: total assets, Return on Equity (ROE) and opinion of public accountants. In addition to the above criteria, the liquidity factor and the number of shares owned by the public are also considered; 8) SRI-KEHATI Index. This index is formed on the cooperation between Indonesia Stock Exchange and Indonesian Biodiversity Foundation (KEHATI). SRI stands for Sustainable Responsible Investment. This index is expected to provide additional information to investors who want to invest in emitters that perform very well in promoting sustainable enterprises, and have awareness of the environment and good corporate governance. This index consists of 25 shares of listed companies selected by considering criteria such as: total assets, Price Earning Ratio (PER) and Free Float; 9) Main Board Index. Using shares of listed companies included in the Main Board; 10) Development Board Index. Using shares of listed companies included in the Development Board; and 11) Individual Index. The stock price index of each company is listed on www.idx.co.id.

Composite Stock Price Index

The Composite Stock Price Index (CSPI) is an index that summarizes the development of stock prices at IDX (Indonesia Stock Exchange). CSPI was first introduced on April 1, 1983 as an indicator of stock price movements listed on the stock exchange. The basic day of the index calculation is August 10, 1982 with the value of 100 with the number of issuers listed 13 issuers. The number of issuers listed on the Indonesia Stock Exchange until December 2009 reached 398 issuers. CSPI in English is also called Jakarta Composite Index, JCI, or JSX Composite. [18]

Based on the description can be concluded that the Composite Stock Price Index is a composite index that summarizes the movement of stock prices listed on the Indonesia Stock Exchange (IDX).

Index LQ45

The LQ45 index is a calculation of 45 stocks,

selected through several selection criteria. In addition to the assessment of liquidity, the selection of these shares considers market capitalization. The LQ 45 Index contains 45 stocks adjusted every six months (every early February and August). Thus the stock contained in the index will always change.

The purpose of the establishment of the LQ45 index is as a complement to CSPI and in particular to provide an objective and reliable means for financial analysis, investment managers, investors and other capital market observers in monitoring the movement of prices from actively traded stocks.

Since its launch in February 1997 the primary measure of transaction liquidity is the value of transactions in the regular market. In accordance with market developments, and to further sharpen the liquidity criterion, then since the January 2005 review, the number of trading days and the frequency of transactions entered as a measure of liquidity. To get 45 shares will be selected 15 more shares by using the criteria of Transaction Day in Regular Market, Frequency of Transaction in Regular Market and Market Capitalization. The method of selecting the 15 shares is:

- Of the remaining 30, 25 stocks are selected based on Day of Transaction in the Regular Market.
- Of the 25 shares will be selected 20 shares based on Frequency of Transaction in the Regular Market
- Of the 20 shares will be selected 15 shares based on Market Capitalization, so that will be obtained 45 shares for the calculation of LQ45 index

In addition to looking at the above mentioned liquidity and market capitalization criteria, the financial condition and growth prospects of the company will also be seen. The Indonesia Stock Exchange regularly monitors the performance of stock components included in the LQ45 index calculation. Every three months are evaluated on the movement of the order of those shares. Replacement of shares will be done every six months, ie in early February and August. The LQ45 Index was launched in February 1997. However, to obtain historical data long enough, the base day used is July 13, 1994, with an index value of 100. [19]

III. METHODOLOGY

Research conducted is a quantitative research

or hypothesis testing. Objects in this study are the inflation rate, interest rates, money supply and CSPI LQ45. The research period is from 2010 to 2016. The data used are secondary data collected electronically.

Inflation rate and interest rate data are obtained from Bank Indonesia website, while money supply data is obtained from BPS website. LQ45 index data obtained from the investment world site. For CSPI LQ45 and the money supply is measured by using Ln.

The method of analysis used is multiple linear regression with Ordinary Least Square (OLS) model.

The model in this research, namely:

While : $CSPI = C + b_1 INF + b_2 SBI + b_3 MS$

CSPI : Composite Stock Price Index LQ45

C : Constants

b_1 : Coefficients and Inflation

b_2 : The coefficient of interest rate (SBI)

b_3 : The coefficient of the money supply (MS)

INF : Inflation Rate

SBI : Interest Rate of Bank Indonesia

MS : Money Supply

IV. RESULT AND DISCUSSION

Based on the results of statistical descriptive data processing obtained the following results.

TABLE 1.
DESCRIPTIVE STATISTICS OF RESEARCH
VARIABLES PERIOD 2010 - 2016

	CSPI	INF	MS	SBI
Mean	8.912955	0.054402	15.24392	0.066399
Median	8.920983	0.049700	15.27757	0.067500
Maximum	9.155470	0.087900	15.64691	0.077500
Minimum	8.509222	0.027900	14.75418	0.047500
Std. Dev.	0.153275	0.016202	0.252805	0.007985
Skewness	-0.549721	0.357738	-0.287109	-0.465359
Kurtosis	2.794179	2.005318	1.903976	2.342247
Jarque-Bera	4.378972	5.254543	5.358479	4.546069
Probability	0.111974	0.072275	0.068615	0.102999
Sum	748.6883	4.569800	1280.489	5.577500
Sum Sq. Dev.	1.949931	0.021787	5.304545	0.005292

Source: Output of Eviews 9

Based on the output in Table 1. it can be seen:

1. The mean or average value of each variable are: CSPI (LN) of 8.912955, the inflation rate of 0.054402 or 5.44%, the interest rate (SBI) of

0.066399 or 6.64% and the money supply (MS) of 15.24392.

2. The maximum value for CSPI of 9.155470 occurred in March of 2015 while the minimum value of 8.509222 occurred in February 2010. The maximum value of the inflation rate of 0.0879 or 8.79% occurred in August 2013 while the minimum value of 0.0279 or 2.79% occurred in August 2016. The maximum interest rate while the minimum value of 0.0475 occurred in October 2016. The money supply has a maximum value of 15.64691 which occurred in December 2016 while the minimum value of 14.75418 occurred in January 2010.
3. Standard deviation which shows deviation of the data value from the average, the variable that has the biggest standard deviation is the money supply (MS) that is equal to 0.252805 while the variable with the least standard deviation is the interest rate (SBI) that is 0.007985.
4. Skewness is a measure of asymmetry of the spread of statistical data around the mean (mean). The skewness of a symmetrical dispersion (normal distribution) is zero. Positive skewness shows that the spread of the data has a long tail on the right side and negative skewness has a long tail on the left side. The variable has a positive skewness value is the inflation rate, while the other three variables have a negative skewness value.
5. Kurtosis a normal distributed data is 3. If kurtosis exceeds 3, then the data distribution is said leptokurtic to normal. When kurtosis is less than 3, the data distribution is flat (platykurtic) compared to normal distributed data. The output above shows all variables have less than three kurtosis values, meaning that all data variables have a flat data distribution.

The Jarque Bera test is one of the normality tests of the type of goodness of fit test which measures whether the skewness and the sample kurtosis correspond to the normal distribution. This test is based on the fact that the skewness and kurtosis values of the normal distribution are zero. Therefore, the absolute value of this parameter can be a measure of the distribution deviation from normal. In the application value of Jarque Bera compared with Chi-Square value Table on degrees of freedom 2. Statistical test results with

$\alpha = 5\%$ indicates that, the four variables in this study have probability > 0.05 . Thus, for these four variables receive H_0 , it means that the four variables have normal distributed data. Based on results of data processing that obtained from the Eviews output (Table 2), the tests of each regression coefficient of inflation rate (INF), interest rate (SBI) and money supply (MS) on LQ45 Index for 2010 - 2016 period using t test. T test was conducted to find out whether each CSPI LQ45 as dependent variable significantly with 95% confidence level or error (α) of 5%.

TABLE 2.
INFLATION RATE ESTIMATION (INF),
INTEREST RATE
(SBI) AND MONEY SUPPLY (MS) TO CSPI
LQ45

Dependent Variable: IHSG Method: Least Squares
Date: 12/30/17 Time: 18:47
Sample: 2010M01 2016M12
Included observations: 84

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.590549	0.465417	1.268860	0.2082
INF	0.899249	0.629963	1.427463	0.1573
MS	0.549059	0.031335	17.52248	0.0000
R-squared	0.800668	Mean dependent var		8.912955
Adjusted R-squared	0.793193	S.D. dependent var		0.153275
S.E. of regression	0.069703	Akaike info criterion		-2.442691
Sum squared resid	0.388684	Schwarz criterion		-2.326938
Log likelihood	106.5930	Hannan-Quinn criter.		-2.396159
F-statistic	107.1135	Durbin-Watson stat		0.398126
Prob(F-statistic)	0.000000			

Source: Output of Eviews 9

Estimation Equation:

$$CSPI = C(1) + C(2)*INF + C(3)*SBI + C(4)*MS$$

Substituted Coefficients:

$$CSPI = 0.590548802166 + 0.899248784532*INF - 1.45070782651*SBI + 0.549059092343*MS$$

1. The Influence of Inflation Rate on CSPI LQ45

Based on t test, inflation rate variable (INF) has Prob. $0.1573 > 0.05$, it was concluded that the inflation rate variables did not significantly affect the CSPI LQ45 in the period 2010-2015. In addition, the variable rate of inflation has a positive coefficient of 0.899249. Thus, this result is not in line with the hypothesis that the inflation rate negatively affect the CSPI LQ45. The variable coefficient of the

inflation rate of 0.899249 or 89.9% indicates that if the inflation rate rises as much as 1% then the CSPI LQ45 will increase by 89.9%.

2. The Influence of Interest Rate on CSPI LQ45

Based on the t test, the interest rate variable (SBI) has Prob. $0.2705 > 0.05$, it is concluded that the interest rate variable has no significant effect on CSPI LQ45 in period 2010-2015. In addition, interest rate variable has negative coefficient which is equal to -1.450708. Thus, this result is in line with the hypothesis that the interest rate has a negative effect on CSPI LQ45. The interest rate variable coefficient of -1.450708 or -145% indicates that if the interest rate rises as high as 1% then the CSPI LQ45 will decrease by 145%.

3. The Influence of Money Supply on CSPI LQ45

Based on t test, the money supply (MS) variable has Prob. $0.0000 < 0.05$, it is concluded that the money supply variables significantly influence the CSPI LQ45 in the period 2010-2015. In addition, the variable money supply has a positive coefficient of 0.549059. Thus, this result is in line with the hypothesis that the money supply has a positive effect on CSPI LQ45. The coefficient of the money supply in the amount of 0.549059 or 55% indicates that if the money supply rises as high as 1% then CSPI LQ45 will rise by 55%.

4. Simultaneous Regression Model Estimation

Based on the partial regression coefficient test by using t test, from three independent variables, namely interest rate (INF), interest rate (SBI) and money supply (MS) which is considered to have an effect on CSPI LQ45 during 2010 - 2016 which has significant effect only variable of money supply. As for the equation test for all independent variables included in the regression model using the F test.

F test results as shown in Table 2. show Prob. F- Statistics of $0.000000 < 0.05$ which means H_0 is rejected. This indicates that all independent variables consisting of inflation rate (INF), interest rate (SBI) and money supply (MS) simultaneously affect the CSPI LQ45 during the period of study 2010 - 2016.

For the goodness-of-fit test measured by the termination coefficient (R^2) denotes the number of 0.800668, which means that the variation in the upward and downward movement of CSPI LQ45

can be explained by the inflation rate (INF), the interest rate (SBI) and the money supply (MS) of 80.07%, while the rest, of 19.93% can be explained by other variables outside of this research model. For the adjusted termination coefficient (R2 adjusted) yielded a number of 0.793193 which means that after considering the degree of freedom of the model used, all independent variables used in this study can explain the changes occurring in the LQ45 index listed on the Indonesia Stock Exchange during 2010-2016 for 79.32%.

V. CONCLUSION

Based on the research result, it can be concluded that: 1) the inflation rate during the period of 2010-2016 did not affect the CSPI LQ45; 2) the interest rate during the 2010-2016 study period did not affect the CSPI LQ45, but had the opposite direction to the CSPI LQ45, this was in accordance with the theory; 3) the money supply has a significant influence and direction in the direction of CSPI LQ45, this is in accordance with the theory. 4) Simultaneously, the inflation rate, interest rate and money supply have a significant influence on CSPI LQ45.

The results also show that for the money supply when viewed from the lowest value that occurred in January 2010 as the initial period of research while the highest value occurred in December 2016 as the final period of the study. This shows that the money supply every time is always increasing, which means the economy is increasing.

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