THE EFFECT OF MACROECONOMIC VARIABLES ON THE COMBINED STOCK INDEX IN THE INDONESIA STOCK EXCHANGE

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ARTICLEINFO	ABSTRACT
Keywords: *Inflation*, *Interest Rate,* *Exchange Rate,* *Money Supply,* *Gross Domestic Product*	This study aims to determine the correlation of Macroeconomic variables such as Inflation, Interest Rates, Exchange Rate, Money Supply and Gross Domestic Product with the Composite Stock Price Index registered on the Indonesia Stock Exchange (IDX). The analytical approach used is the classical assumption test, multiple linear regression, and hypothesis testing. The population in this study is the non-sectoral stock index on the Indonesia Stock Exchange and the sample in this study is the composite stock price index. The results of the study found that inflation (X1) and the money supply (X4) were positively correlated but not significant and interest rates (X2) were negatively correlated but not significantly related to the Composite Stock Price Index (Y). There is also the exchange rate (X3) which has a negative and significant effect and Gross Domestic Product (X5) which has a positive and significant effect on the Composite Stock Price Index (Y). The results of the study using the Coefficient of Determination method have a value of 0.832 or 83.2% which indicates a strong relationship between the macroeconomic variables and the Jakarta Composite Index.
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1. INTRODUCTION

The capital market is a non-bank financial institution that has activities in the form of securities offering and trading. In addition, it is also a professional institution related to securities buying and selling transactions and public companies related to securities. Securities contain stocks, bonds and mutual funds(Hermmuningsih, 2022). Thus the capital market is known as a meeting place for sellers and buyers of capital or funds in conducting transactions(Wahyuni & Utiyati, 2022). The capital market has an important role in the economy of a country, because it has two main functions at once, namely economic and financial functions. It is said to have an economic function because it provides a place that brings together two parties, namely the seller and the buyer of securities. Parties who sell securities are called issuers/those who need funds and parties who buy securities are called investors/surplus funds(Hartini, 2016).

With the existence of a capital market, investors can invest their funds in the hope of receiving rewards in the form of dividends or capital gains, while issuers/companies can use these funds for investment purposes without having to wait for funds to be available from the company's operations.(Amri & Praptoyo, 2022). In Indonesia where securities are traded on the Indonesia Stock Exchange, where almost every province has a Stock Exchange Branch. The Stock Exchange is an organized market where brokers/brokers carry out securities buying and selling transactions, with various sets of rules stipulated on the stock exchange. One of the traded instruments that are of greatest interest to the buying public is stocks. There is no minimum limit on funds and the amount to buy shares (Istanti, 2013). In trading, shares that are traded are carried out in trading units called lots.

On the Indonesia Stock Exchange, one lot means 100 shares, which is the minimum limit for purchasing shares, then the funds needed vary due to the varying prices of shares listed on the Exchange. In the Stock Exchange, the stock index consists of two sectoral and non-sectoral stock indexes. Sectoral stocks consist of 10 industrial sectors while non-sectoral consist of 15 indices and one of them is the Composite Stock Price Index (IHSG). An increase in the volume and transaction value of a share will also encourage an increase in capital market performance as reflected in an increase in the JCI. This index was created to serve as a benchmark and tool to monitor business development trends and the price level of stocks traded on the capital market.

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The development of a country's capital market can be seen from the high number of shares traded, the number of companies listed, transaction volume, transaction value and the JCI as well as market capitalization, all of which will have certain consequences for investors, issuers and other capital market players. During the last ten years or so, the movement of the JCI has fluctuated but is in a positive position where the JCI is now at 6,194,498, the factors that influence the JCI are the Internal Environment (Micro variables) and the External Environment (macro variables). The movement of the JCI is inseparable from the macroeconomic conditions of the country. The stock price index is heavily influenced by macro variables. Fluctuations in macroeconomic variables will create uncertainty over stock business activities.

In theory, changes in inflation have a negative impact on JCI movements. An increase in inflation will reduce the company's profit volume as a result of an increase in production costs and an increase in the wage rate, which in turn will have a major effect on the dividends that will be distributed (Keynes, 1936). Likewise, changes in deposit rates have a negative effect on the JCI. Buying shares and depositing funds in the bank are investment alternatives that replace each other. According to Ross & Roll (1980), stock price index movements are not only influenced by the market portfolio with the assumption that changes in asset prices are influenced by several sources of risk that are not only measured by beta. Ross assumes that stock prices are influenced by k factors linearly in a multifactor model. Based on the results of research conducted by Ross and Roll (1980), explaining the strong relationship between macroeconomic variables and the JCI will be implemented in Indonesia.

To answer the above questions, the research will refer to some of the results of previous studies. In previous studies, several macroeconomic variables were used (Keynes, 1936) to nfluence the JCI, namely the money supply, inflation, deposit rates, gross domestic product, and the rupiah exchange rate against the US dollar.

2.   LITERATURE RIVEW
2.1   Capital market
Based on the Capital Market Law of the Republic of Indonesia No. 8 of 1995 article 1 point 13: the capital market is an activity concerned with public offerings and securities trading, public companies related to the securities they issue as well as institutions and potential related to securities.

The development of the capital market from year to year has increased. This begins with changes in the stock exchange. The capital market is an abstract market where what is traded is long-term funds, namely funds that are involved in investing for more than one year (Widoatmodjo, 2012).

2.2   Composite Stock Price Index
Index The Composite Stock Price (IHSG) is an index that shows general stock price movements listed on the Stock Exchange which is a reference for the development of activities in the Capital Market. This JCI can be used to measure stock prices whether they have increased or decreased and also involves all stock prices listed on the Exchange (Anoraga & Pakarti, 2001). A stock index is an instrument that is used as an indicator of price movements and the performance of a stock or a group of stocks. The stock index can be in the form of an individual stock index or a group of stock indexes (sectoral or non-sectoral). Generally, world stock exchanges recognize more than one index, such as in the USA, there are Dow Jones, and Nasdaq, while in Indonesia there are 15 non-sectoral stock indices, namely: JCI, LQ45, ISSI, JII, MBX, DBX, Kompas100, Sri-Kehati, Bisnis27, PEFINDO25, INFOBANK 15, IDX30, SMinfra18, MNC36, Investor 33.

The sectoral stock index consists of ten sectors, namely: Agriculture, Mining, Basic Industry, Miscellaneous Industry, Consumer Goods, Property & Real Estate, Infrastructure, Finance, Trade & Service, and manufacturing. Of the ten sectors, there are more sub-sectors in each sector. The composite stock price index (IHSG) was first introduced on April 1, 1983, but the basic day for calculating the JCI was August 10, 1982, with a value of 100. If the JCI represents the average of all stocks on the IDX, LQ45 only calculates the index for the 45 leading stocks or those that have a high reputation that isa ctive and are also commonly referred to as Blue Chips shares.

2.3   Macro Variables and JCI
Macroeconomics can be defined as a branch of economics that studies the economy of a country in a comprehensive or comprehensive manner. So macroeconomics explains about changes in a country's economy and its impact on the market. Macroeconomics (macroeconomics) is a branch of economics that studies the main activities of the economy in a comprehensive/overall way to various problems of economic growth (Sukirno, 2013). Several aspects of analysis in macroeconomics include: the money supply, gross domestic product, inflation, interest rates and exchange rates (exchange rates).

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Keynes' theory of money supply, it states that an increase in the money supply has a positive effect on output and economic growth. Because with an increase in the money supply it is hoped that the level of public consumption will increase thereby encouraging increased economic growth. Gross domestic product is a way of calculating national income using several methods, including the output/production method, and the expenditure method. An increase in gross domestic product will increase people's income so an increase in the gross domestic product will encourage the business sector to expand its business. Thus the business sector requiring financing for business expansion can issue shares or offer shares in the capital market.

There are two opinions regarding the relationship between the inflation rate and stock prices. The first states that there is a positive correlation between inflation and stock prices, this is based on the assumption of demand pull inflation, namely inflation occurs due to excess demand for the supply of available goods. The second opinion states that there is a negative correlation between inflation and stock prices, this is based on the assumption of cost push inflation, namely inflation that occurs due to increases in production costs. The interest rate is the price paid per currency unit borrowed per certain period of time expressed as a percentage. An increase in interest rates will cut the company's profit, this happens in two ways, namely an increase in interest rates will increase the issuer's interest expense so that profits can be cut (Cahyono, 2016). The exchange rate is the price of foreign exchange (forex) which shows how many rupiahs must be paid for one unit of foreign currency and how many rupiahs will be received if someone sells foreign currency (Forex).

3. METHOD

This study uses an explanatory (confirmative) design, this design is used because the research examines the relationship or influence between variables or constructs (Sugiyono, 2016). The subjects of this research are macroeconomic variables consisting of Interest Rates, Exchange Rates, Inflation, Money Supply and Gross Domestic Product using monthly data for the period 2019 to 2021, while the object studied is the Composite Stock Price Index (IHSG). This study uses a multiple linear regression model to analyze various identified economic factors including money supply, gross domestic product, inflation, interest rates and exchange rates, this study is in line with that conducted by Roll and Ross (1980) using data time series on the JCI value.

Population is a collection of individuals or research objects that have certain qualities and characteristics. Based on these qualities and characteristics, the population can be understood as a group of individuals or objects of observation that have at least one characteristic in common(Cooper & Emory, 1999). The population in this study is in the form of data from the movement of the Jakarta Composite Index on the IDX, the money supply, GDP, inflation and the rupiah exchange rate against the us$ and interest rates, while the sample used is the Jakarta Composite Stock Price Index, the money supply, gross domestic product, inflation, interest rates and exchange rates during the period January 2019 to December 2021.

Data used is secondary data, namely time series data every month, the method used is historical research methods which are causal-distributive, meaning that the research conducted analyzes a past situation and shows the direction of the relationship between variables(Sugiyono, 2016). In this study data was taken from several sources, namely the Central Bureau of Statistics, Bank Indonesia, the Indonesia Stock Exchange, monthly statistics and the capital market Book Directory Index for the period 2019 to 2021. Data collection was carried out using the documentation method, namely taking documents in the form of monthly economic reports, monthly statistics on the Indonesia Stock Exchange, development reports from Bank Indonesia and other reports related to this research. Data sources come from the reference center of the Indonesia Stock Exchange, Bank Indonesia, the Central Bureau of Statistics and other supporting data from books or several publications that can provide objective information through a network of websites.

For data analysis techniques used in this study are the coefficient of determination (R^2), Hypothesis Test -t test (partial test), F-test (simultaneous test) and linear regression, with data analysis using SPSS 22 (Ghozali, 2016). There is also a multiple linear formula`s as follows:

$$Y= a + b_1x_1+b_2x_2+b_3x_3+b_4x_4+b_5x_5$$
Information:
Y = Composite Stock Price Index (IHSG)
a = Constant
b_1,b_2,b_3,b_4,b_5 = Regression Coefficient
x_1 = Inflation

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x2 = Interest Rate
x3 = exchange rate (exchange rate)
x4 = gross domestic product
x5 = Amount of money in circulation

4. RESULT AND DISCUSSION

In this study, five macroeconomic variables were used to determine their effect on the Jakarta Composite Index (IHSG). The data in this study were taken from several official websites of Bank Indonesia, the Statistics Agency, and the Indonesian Stock Exchange by downloading:

Table 1. Combined Share Price Index Year 2019-2021 (Rp)

Month	Year		
	2019	**2020**	**2021**
January	6,532,969	5,940,048	5,862,352
February	6,443,348	5,452,704	6,241,796
March	6,468,755	4,538,930	5,985,522
April	6,455,352	4,716,403	5,995,616
May	6,209,117	4,753,612	5,947,463
June	6,358,629	4,905,392	5,985,489
July	6,390,505	5,149,627	6,070,039
August	6,328,470	5,238,487	6,150,299
September	6,169.102	4,870,039	6,286,943
October	6,228,317	5,128.225	6,591,346
November	6,011,830	5,612,415	6,533,932
December	6,299,539	5,979,073	6,581,482

Source: Indonesia Stock Exchange, data processed, (2022)

From the data above it can be seen that the growth of the composite stock price index from 2019 to 2021 has fluctuated. In 2020 the composite stock price index tends to experience instability.

Tabel 2. Inflation Rate Data Table Year 2019-2021 (%)

Month	Year		
	2019	**2020**	**2021**
January	2.82	2.68	1.55
February	2.57	2.98	1.38
March	2.48	2.96	1.37
April	2.83	2.67	1.42
May	3.32	2.19	1.68
June	3.28	1.96	1.33
July	3.32	1.54	1.52
August	3.49	1.32	1.59
September	3.39	1.42	1.6
October	3.13	1.44	1.66
November	3.00	1.59	1.75
December	2.72	1.68	1.87

Source: Bank Indonesia, data processed, (2022)

From the data above it can be seen that changes in the inflation rate from year to year from 2019 to 2021 have decreased. Usually, this will result in a decrease in company profits. If the company's profits fall, the value of the company's shares will also decrease.

Table 3. Interest Rate Data Table Year 2019-2021 (%)

Month	Year		
	2019	**2020**	**2021**
January	6.00	5.00	3.75
February	6.00	4.75	3.50
March	6.00	4.50	3.50

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Month			
April	6.00	4.50	3.50
May	6.00	4.50	3.50
June	6.00	4.25	3.50
July	5.75	4.00	3.50
August	5.50	4.00	3.50
September	5.25	4.00	3.50
October	5.00	4.00	3.50
November	5.00	3.75	3.50
December	5.00	3.75	3.50

Source: Bank Indonesia, Data processed (2022)

From the data above it can be seen that changes in interest rates each year decrease. This shows that the economic condition can be said to be unstable based on the decreasing changes in interest rates every year.

Table 4. Rupiah Exchange Data Table Year 2019-2021 (Rp)

Month	Year		
	2019	**2020**	**2021**
January	14.163	13,732	14,061
February	14035	13,776	14,043
March	14,211	15,194	14,417
April	14.142	15,867	14,551
May	14,392	14,906	14,333
June	14,226	14,195	14,351
July	14,043	14,582	14,507
August	14,242	14,724	14,389
September	14.111	14,847	14,257
October	14.117	14,758	14,190
November	14,068	14,236	14,270
December	14017	14.165	14,327

Source: Bank Indonesia (Data to be processed in 2022)

From the data above it can be seen that the value of the rupiah exchange rate tends to be more stable and does not experience significant changes.

Table 5. Data of Amount of Money in Circulation Year 2019-2021 (Rupiah Billion)

Month	Year		
	2019	**2020**	**2021**
January	5,644,985	6,046,651	6,767,407
February	5,670,778	6,116,495	6,817,787
March	5,747,247	6,440,457	6,895,564
April	5,746,732	6,238,267	6,964,386
May	5,860,509	6,468,193	7,004,093
June	5,908,509	6,393,743	7,130,061
July	5,941,133	6,567,725	7,160,560
August	5,934,562	6,726,135	7,211,500
September	6,134,178	6,748,574	7,300,920
October	6,026,908	6,780,844	7,491,704
November	6,074,377	6,817,456	7,573,319
December	6,136,552	6,900,049	7,870,452

Source: Central Bureau of Statistics, data processed, (2022)

From the data above it can be seen that the movement of the money supply since 2019 has continued to increase.

Table 6. Gross Domestic Product Data Table Year 2019-2021 (Rupiah Billion)

Month	Year

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	2019	**2020**	**2021**
January	112,348	107,237	108,345
February	111,685	107,092	108,718
March	111065	106,990	109,134
April	110,488	106,931	109,593
May	109,954	106915	110,096
June	109,463	106,943	110,642
July	109015	107013	111,231
August	108611	107,127	111,863
September	108,250	107,284	112,538
October	107,932	107,485	113,257
November	107,657	107,728	114019
December	107,425	108015	114,823

Source: Central Bureau of Statistics, data processed (2022)

Based on the data above, it can be seen that changes in gross domestic product in 2019 to 2021 have not experienced significant changes.

4.1 Classical Assumption Test Results
In this study, the first test used was the classic assumption test which consisted of four tests with the following results.

1. Normality Test Results
This test is used to determine whether research data from a population is normally distributed or not. The results of the normality test graphically on the Probability Plot using SPSS version 24 for the IHSG variable are shown below:
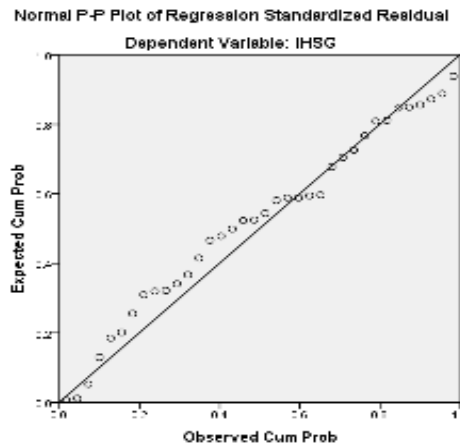

Figure 1. Normality Test Result

Based on the graph above, it can be concluded that this regression model meets the assumption of normality and it can be seen that the points spread around the diagonal line and the distribution follow the direction of the diagonal line, so the regression model is normally distributed.

2. Multicollinearity Test
Multicollinearity can be seen from the value of the Tolerance and Variance Inflation Factor (VIF). These two variables state that each independent variable is explained by other independent variables. If the VIF value is less than 10 and the Tolerance value is more than 0.01, it can be concluded that there is no multicollinearity problem.

Table 7. Multicollinearity Test Results
Coefficients a

Model	Unstandardized Coefficients		Standardized Coefficients		Sig. toleranc e	Collinearity Statistics	
	B	std. Error	Betas	t		tolerance	VIF

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1	(Constant)	-3039,842	3318911		-. 916	.367		
	Inflation	133,386	124,783	.166	1,069	.294	.234	4,271
	interest rate	-88,334	241,124	-.139	-.366	.717	039	25,709
	Exchange rate	-716,787	121,902	-.478	-5,880	.000	.850	1.177
	JU Out	.000	.000	-.220	-.621	.539	045	22,455
	GDP	190,169	38.102	.708	4,991	.000	.279	3,588

a. Dependent Variable: JCI

Based on the data above, it can be seen that there is a tolerance value that has a value below 0.10 and a VIF value above 10. It can be concluded that multicollinearity has occurred in the model.

3. Heteroscedasticity Test

The heteroscedasticity test is used to test whether in a regression model there are similarities in variance or vice versa between one observation to another. The results of the Heteroscedasticity test in a graphical Scatterplot using SPSS version 22 are shown in the following graph:
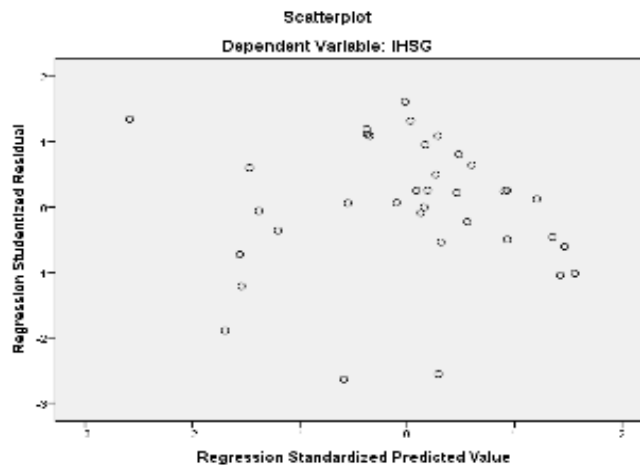

Figure 2. Heteroscedasticity Test

Based on the figure above, it can be seen that the dots spread and do not form a clear pattern. Position data patterns also do not gather above or below. So it can be concluded that there is no heteroscedasticity problem.

4. Autocorrelation Test

The autocorrelation test can be determined using the Durbin Watson test analysis in the following table:

Table 8. Autocorrelation Test Results
Summary model b

Model	R	R Square	Adjusted R Square	std. Error of the Estimate	Durbin-Watson
1	.912a	.832	.803	266.456041	1,247

a. Predictors: (Constant), GDP, interest rates, Exchange Rates, Inflation, JUB
b. Dependent Variable: JCI

In the table above it can be seen the results of the autocorrelation test using SPSS 22 with a Durbin Watson value of 1.247. It can be concluded that this regression model is without a conclusion. This is evidenced by the Durbin-Watson value which is between 1.100 – 1.540.

4.2 Result of Determination Coefficient (R^2)

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The coefficient of determination is used in a study to find out how strong the relationship is between the independent variable (X) and the dependent variable (Y). The strength of the influence of the independent variables on the dependent variable can be seen from the value of the coefficient of determination (R^2) which differs between zero and one. The following table shows the coefficient of determination that has been processed:

Table 9. Determination Coefficient Results (R^2)

Summary model b

Model	R	R Square	Adjusted R Square	std. Error of the Estimate
1	.912a	.832	.803	266.456041

a. Predictors: (Constant), GDP, interest rates, Exchange Rates, Inflation, JUB
b. Dependent Variable: JCI

Based on the table above, it can be seen that the value of the coefficient of determination is 0.832 or equivalent to 83.2%, which means that there is a strong relationship between macroeconomic variables and the composite stock price index, the remaining 16.8% is influenced by variables other than in this study.

4.3 Multiple linear regression

In this study, this analysis is used to examine the correlation between inflation (X1), interest rates (X2), the rupiah exchange rate (X3), money supply (X4), and gross domestic product (X5) on the composite stock price index (Y). The results of the analysis used the SPSS version 22 program, namely:

Table 10. Multiple Linear Regression Analysis Results

Coefficients a

Model		Unstandardized Coefficients B	std. Error	Standardized Coefficients Betas	t	Sig.
1	(Constant)	-3039,842	3318911		-.916	.367
	Inflation	133,386	124,783	.166	1,069	.294
	Interest rate	-88,334	241,124	-.139	-.366	.717
	Exchange rate	-716,787	121,902	-.478	-5,880	.000
	JU Out	.000	.000	-.220	-.621	.539
	GDP	190,169	38.102	.708	4,991	.000

JCI =-3039.842+133.386X1-88.334X2-716.787X3+0.000X4+190.169X5+e

Based on the data above, the results of multiple linear regression can be explained as follows:

1. The multiple linear regression equation above is known to have a constant of 3039,842 with a negative sign. So the magnitude of the constant indicates that if the independent variables (inflation, interest rates, exchange rates, money supply, GDP) are assumed to be constant, then the dependent variable, namely the JCI, will decrease by 3039,842.
2. The variable coefficient X1 = 133,386, meaning that every 1% increase in inflation will cause an increase in the JCI by 133,386%
3. The coefficient of variable X2 = -88,334, so every 1% increase in interest rates will cause a decrease in the JCI by 88,334%.
4. The variable coefficient X3 = -716,787, meaning that every 1% increase in the Rupiah exchange rate against the US Dollar will cause a decrease in the JCI by 716,787%.
5. The coefficient of the variable X4 = 0.000 is positive, indicating that for every 1% increase in the money supply, the JCI will remain unchanged.
6. The variable coefficient X5 = 190,169 is positive, meaning that every 1% increase in GDP will cause an increase in the JCI by 190,169%.

4.4 Hypothesis Test Results
1. Partial Test Results (t-test)

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The results of partial hypothesis testing (t-test) of the independent variables, namely: inflation, interest rates, exchange rates, money supply, and gross domestic product on the composite stock price index are shown in the following table:

Table 11. Statistical t-test results
Coefficients a

Model		Unstandardized Coefficients B	std. Error	Standardized Coefficients Betas	t	Sig.
1	(Constant)	-3039,842	3318911		-.916	.367
	Inflation	133,386	124,783	.166	1,069	.294
	interest rate	-88,334	241,124	-.139	-.366	.717
	Exchange rate	-716,787	121,902	-.478	-5,880	.000
	JU Out	.000	.000	-.220	-.621	.539
	GDP	190,169	38.102	.708	4,991	.000

a. Dependent Variable: JCI

Based on the research results on the data above, it can be seen that the exchange rate variable has a negative and significant effect on the JCI and the GDP variable has a positive and significant effect on the JCI.

2. Simultaneous Test Results (F-Test)

Simultaneous test (F-test) is used to find out whether all the independent variables: inflation, interest rates, exchange rates, money supply and gross domestic product included in the model have a simultaneous effect on the dependent variable (dependent) namely the composite stock price index.

Test results simultaneously (F-test) statistics can be seen in the following table:

Table 12. Statistical F-Test Results
ANOVAa

Model		Sum of Squares	Df	MeanSquare	F	Sig.
1	Regression	10514634799	5	2102926.960	29,619	.000b
	residual	2129964.648	30	70998822		
	Total	12644599.447	35			

a. Dependent Variable: JCI
b. Predictors: (Constant), GDP, interest rates, Exchange Rates, Inflation, JUB

Based on the results of the research above, it can be seen that the significant value is less than 0.05, which means that all macroeconomic variables have a simultaneous and significant effect on the JCI.

4.5 Discussion

The results of multiple linear regression analysis can be used to analyze the effect of each variable, namely inflation, interest rates, exchange rates, money supply, and gross domestic product on the Jakarta Composite Index with the following equation:

$$JCI = -3039.842 + 133.386X1 - 88.334X2 - 716.787X3 + 0.000X4 + 190.169X5 + e$$

1. Effect of Inflation on the Composite Stock Price Index

From the results of the analysis, it was obtained data of 133,386 for the inflation variable. This data describes the inflation variable that is not relevant to the combined stock price index. Because the significant value is higher than 0.05, it can be concluded that inflation is not correlated with the composite stock price index.The regression coefficient value for the inflation variable is 133,386 which means it has a positive effect on the composite stock price index. Judging from this value, if inflation (X1) is increased/decreased by 1 unit, then the value of the composite stock price index (Y) will also increase/decrease by 133,386 units, assuming other variables are constant. From the results of this study, it was concluded that the inflation variable (X1) has a positive but not significant effect on the composite stock price index (Y). In this case, inflation can affect a person's purchasing power to decrease to acquire shares, because, with inflation, stock prices will drop (Saranga, 2020).

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2. The Effect of Interest Rates on the Composite Stock Price Index

The sig value obtained for the interest rate variable (X2) is 0.717 where this value is not significant because it is greater than 0.05. The value of the regression transformation coefficient for the interest rate variable is also obtained at -88,334, which means it has a negative effect on the Composite Stock Price Index (Y). If the value of the interest rate (X2) is increased/decreased by 1 unit, then the value of the composite stock price index (Y) will also increase/decrease by 88,334 units, assuming the other independent variables are constant. From the results of this study, it was concluded that the interest rate variable (X2) has a negative but not significant effect on the composite stock price index (Y). Interest rates affect the Composite Stock Price Index (IHSG) in mediating exchange rates in purchasing shares (Sari, 2019).

3. The Effect of Exchange Rates on the Composite Stock Price Index

Based on the results of the analysis, the exchange rate variable (X3) has a real value of 0.000 which indicates that this value is significant because the real score is 0.000 <0.05. It is also obtained that the value of the regression transformation coefficient for the exchange rate variable is -716,787 which means it has a negative effect on the composite stock price index (Y). If the exchange rate (X3) is increased/decreased by 1 unit, then the value of the composite stock price index (Y) will also increase/decrease by 716,787 units, assuming the other independent variables are constant. From this study, it can be concluded that the Rupiah exchange rate variable against the US Dollar has a negative and significant effect on the composite stock price index. The depreciation of the rupiah exchange rate has pushed up the stock price index for everything on the Indonesian Stock Exchange, because when the exchange rate weakens, the amount of profit earned by the company also increases, where the asset allocation is not too disturbed when the exchange rate is shaken because it does not look at the exchange rate but the number of assets invested so make a profit (Yunita, 2016).

4. The Effect of the Money Supply on the Composite Stock Price

Based on the data processed using SPSS 22, the regression transformation coefficient value for the money supply variable is 0.000, which means it has a positive effect on the composite stock price index (Y). If the money supply (X4) is increased/decreased by 1 unit, then the value of the Composite stock price index (Y) will also increase/decrease by 0,000 units, assuming the other independent variables are constant. While the significance value obtained is 0.539 and this value is not significant because it is greater than 0.05. From the results of this study, it was concluded that the variable Amount of Money in Circulation (X4) has a positive but not significant effect on the composite stock price index (Y). This means that the Indonesian people do not use their money for speculative purposes (Deva, 2022).

5. Effect of Gross Domestic Product on the Jakarta Composite Index

Based on data processed using SPSS 22, the regression transformation coefficient value for the money supply variable is 190,169, which means it has a positive effect on the composite stock price index (Y). If PDB(X5) is increased/decreased by 1 unit, then the value of the LQ45(Y) stock price index will also increase/decrease by 190,169 units, assuming the other independent variables are constant. While the significance value obtained is 0.000 where this value is significant because it is smaller than 0.05. From the results of this study, it was concluded that the GDP variable (X5) has a positive and significant influence on the composite stock price index (Y). Increased welfare will affect the consumption patterns of society. Higher welfare will increase public consumption of goods and services thereby increasing the development of investment in the real sector. In this case, the greater the value of the product gross domestic product then affects the increase in the number of investors investing in the stock market, and vice versa the smaller the value of gross domestic product then affects the decrease in the number of investors investing in the stock market (Fatmawati & Astuti, 2021).

6. The Influence of Inflation, Interest Rates, Exchange Rates, Money Supply, and Gross Domestic Product on the Composite Stock Price Index

Based on the results of the data obtained in the F-Test, it can be concluded that the variables of inflation, interest rates, exchange rates, money supply, and gross domestic product have a simultaneous and significant effect on the Composite Stock Price Index with a value of 0.000 less than a significant value of 0.05.

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5. CONCLUSION

Inflation (X1) has a positive but not significant effect on the composite stock price index with a sig value of 0.294 or greater than 0.05. In the processed data results, the interest rate (X2) has a negative but not significant effect on the composite stock price index with a significant level of 0.717 or greater than 0.05. The rupiah exchange rate (X3) has a negative and significant effect on the composite stock price index with a significance level of 0.000 or less than 0.05.. The money supply variable (X4) has a positive and insignificant effect with a significance level obtained of 0.539 or greater than 0.05. Based on the test results, the independent variable data obtained, namely gross domestic product (X5) has a positive and significant effect on the dependent variable composite stock price index with a sig value of 0.000 or less than 0.05.

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