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Macro Economic Factors Affecting Jci in Indonesia the Period of 2010 to 2021

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ABSTRACT: The purpose of investors to invest is to make a profit. Profits can come from profit taking and dividend yields. Profit taking, if there is an increase in the share price, which will be reflected by the increase in the JCI. The purpose of this study will be to see what factors affect the JCI on the Indonesia Stock Exchange for the period 2010 to 2021.

Analysis using partial test, simultaneous test, correlation and regression of the independent variable to the dependent variable, using SPSS software version 22.

The conclusion of the study is that inflation has no significant effect on the JCI, while economic growth, the dollar exchange rate and SBI have a significant effect on the JCI. Simultaneously (together), Economic Growth Inflation, Dollar Exchange Rate and SBI have a significant effect on the JCI for the period 2010 to 2021.

KEYWORDS: Inflation, Economic Growth, Dollar Exchange, Sbi (7days_Repo_Rate).

PRELIMINARY

The Composite Stock Price Index (JCI) is a reflection of a country's economy as reflected in the fluctuations in its Stock Exchange Index. A country's growing economy is reflected by an increase or growth in the JCI (bullish), on the other hand, if the country's economy declines, it can also be reflected by a decline in the JCI (bearish). The capital market is one of the drivers of a country's economy, because the capital market is a means of forming capital and long-term accumulation of funds to increase public participation who has placed their funds in the Indonesian capital market (Indonesian Stock Exchange).

Fluctuations in the capital market are closely related to changes in macroeconomic variables, such as; economic growth, dollar exchange rate, inflation and Bank Indonesia certificates (SBI). Meanwhile, according to the Capital Market Law No. 8 of 1995, the Capital Market is an activity with a public offering and trading of securities, public companies related to the securities they issue, as well as institutions and professions related to securities. In simple terms, the capital market means a meeting place for parties who need long-term funds with those who have excess and by investing their funds in the capital market. The capital market can also be said as a place and vehicle for company ownership, because after the company goes public, the company takes advantage of the capital market and gets funds from the IPO, then the securities holders also become the owners of the company, thus becoming public owners (Gitosudarmo and Basri, 2002: 239).

Inflation is a symptom of rising prices that cover almost all types of goods and services from time to time continuously, thus causing the purchasing power of the rupiah to be different from the rupiah in other years (Boediono, 1986:155). In the Accounting Principle Board no.4, inflation is a decrease in purchasing power caused by an increase in the general price level of a number of goods and services. With the decline in people's purchasing power, the company's profits will decrease, resulting in a decrease in the company's share price in the capital market. Inflation will encourage people to reduce investment and will save more of their investment funds in banks to get higher yields (interest), when compared to other investment benefits. This condition will reduce investment into the capital market, resulting in the JCI tending to experience bearish (decrease).

Increased economic growth will directly result in improved economic conditions of a country, such as; unemployment decreases, people's incomes increase, the country's gross domestic product increases, people's purchasing power increases. With this increasing economy, people are starting to have excess funds, so they will put their excess funds into several investment instruments, such as; savings, deposits, property and capital markets (stocks, bonds, sukuk, etc.). Increased economic growth is expected to increase share prices (bullish) in the Indonesian capital market (IDX). Investors can reduce the risk of investing in the capital market, so investors do it by diversifying portfolios, according to portfolio theory.

The Rupiah exchange rate is an exchange between two different currencies, so there will be a comparison of the value/price between the two currencies. This comparison of values is often referred to as the exchange rate (Nopirin, 1988: 163). According to Simorangkir and Suseno (2014:4) "the exchange rate or what is often called the exchange rate is the price of one unit of foreign currency in domestic currency or it can be said that the price of domestic currency against foreign currency". Currency rates show the price of a currency when it is exchanged for another currency.

According to Anoraga and Pakarti (2006: 101) JCI is an index that shows the movement of stock prices in general listed on the stock exchange which becomes a reference for the development of activities in the capital market. Meanwhile, according to L.Thian Hin (2008:4) JCI "JCI is an index that shows the movement of stock prices in general listed on the stock exchange which is a reference for the development of activities in the capital market". Currently, the movement of the Composite Stock Price Index in Indonesia is very volatile. The movement of the Composite Stock Price Index (CSPI), can be used to measure the economic condition of a country. The movement of the Stock Price Index which tends to rise, indicates that the condition of the country is in good condition. Vice versa, if the movement of the stock price index (JCI) tends to decline, it can be concluded that the country's economic condition is experiencing a decline. The index is one of the guidelines for investors to invest in the capital market, especially stocks. (idx.co.id).

Macroeconomic variables will, either directly or indirectly, have an influence on the JCI in Indonesia. This study examines how big and strong changes in the JCI are influenced by macroeconomic variables. The macro variables that will be tested in this study include; Inflation, Economic Growth, Dollar Exchange Rate and SBI (7-Day Reverse Repo Rate).

Table. Inflation, Economic Growth and JCI 2010 to 2021

Year	Inflation	Economic Growth	Jakarta Composite Index
2010	6,96	6,22	3,70
2011	3,79	6,49	3.821
2012	4,30	6,26	4.316
2013	8,38	5,79	4.274
2014	8,06	5,01	5.226
2015	3,35	4,88	4.593
2016	3,02	5,03	5.296
2017	3,61	5,07	6.355
2018	3,13	5,17	6.194
2019	2,72	5,02	6.299
2020	1,68	-2,07	5.979
2021	1,87	3,69	6.581

Source: Central Bureau of Statistics and Indonesia Stock Exchane

Inflation and economic growth in Indonesia from 2010 to 2021 fluctuate, of course, will have an impact on the JCI. The Composite Stock Price Index (JCI) often fluctuates from year to year, so it will affect the capitulation of the Indonesian stock market and the placement of investment funds into investment instruments in the Unitary State of the Republic of Indonesia (NKRI).

Based on the tables and statements mentioned above, the researcher is interested in examining in depth whether macro variables, such as; inflation, economic growth, foreign exchange rates (dollar exchange rates) and SBI (7-Day reverse repo rate) will affect the Composite Stock Price Index (JCI) in Indonesia from 2010 to 2021.

THEORITICAL REVIEW

Capital Market The definition of capital market according to the Capital Market Law No. 8 of 1995 is an activity related to public offerings and securities trading, companies related to the securities issued, as well as institutions and professions related to securities. In simple terms, the capital market means a meeting place for parties who need long-term funds with those who invest their funds. According to Sunariyah (2011), the Capital Market is a meeting place between supply and demand for securities. In the capital market, investors, both individual and business entities, invest in the form of securities offered by issuers. On the other hand, in the capital market, companies or entities that need funds offer securities by listing them first in the capital market authority as issuers.

According to Martalena and Maya (2011), the capital market is a market for various long-term financial instruments that can be traded, both securities (bonds), stocks, mutual funds and other instruments. The capital market performs two functions, namely as a means for funding and a means for the public to invest in financial instruments. Based on some of the definitions above, it can be concluded that the capital market is a place for buying and selling shares, bonds and others that must be listed on the Indonesia Stock Exchange in the hope of providing benefits for each party.

According to Darmadji and Hendy (2006:1), the capital market is a market for various long-term financial instruments that can be traded, either in the form of debt, equity (shares), instrument instruments, or other instruments. The capital market is a means of funding for companies and other institutions (eg government) and a means of investing activities. The capital market is a market for securities and part of the financial market (financial market).

Economic Growth according to the Central Statistics Agency (BPS), is the development of the production of goods and services in an economic area in a certain year against the value of the previous year which is calculated based on GDP/GRDP at constant prices. Economic growth according to Jhingan, 2007: 57), is a continuous change in the economic conditions of a country towards a better state. Economic growth is a long-term increase in the ability of a country (region) to provide more and more economic goods to its population, this ability grows according to technological progress, and the necessary institutional and ideological adjustments.

Economic growth according to Sukirno (2002:10), means the development of activities in the economy that causes goods and services produced in society to increase and the prosperity of society increases, from one instrument to another period the ability of a country to produce goods and services will increase. This increased ability is due to the fact that the structure of production factors will always experience an increase in quantity and quality.

The SBI interest rate, according to Mishkin (2008: 4), is the cost of borrowing or the price paid for the borrowed funds. According to Darmawi (2005: 181), the interest rate is the price that must be paid by the borrower to obtain funds from the lender for a certain period of time. The BI 7-Day (Reverse) Repo Rate or SBI instrument is used as the new policy interest rate because it can quickly affect the money market, banking and real instruments. The BI 7-Day (Reverse) Repo Rate instrument as the new reference has a stronger relationship to money market interest rates. With the use of the BI 7-Day (Reverse) Repo Rate instrument as the new policy interest rate, three main impacts are expected, namely: (a). Strengthening monetary policy signals with the BI 7-Day Reverse Repo Rate (BI7DRR), as the main reference in financial markets. (b). Increased effectiveness of monetary policy transmission through its influence on movements in money market interest rates and banking interest rates. (c). The formation of a deeper financial market, particularly transactions and the establishment of an interest rate structure in the Interbank Money Market (PUAB) for a tenor of 3-12 months.

Fabozzi and Franco (1996:724), The exchange rate is defined as theamount of one currency that can be exchanged per unit of another currency, or the price of one currency in items of another currency. So it can be concluded that the currency exchange rate is the price of the currency value of a country against another country, and is carried out for exchange transactions used in conducting trade transactions, the exchange rate between two countries where the exchange rate is determined by the supply and demand of the two countries. currency. Meanwhile, according to Ekananda, Mahyus (2015), the notion of exchange rate is the price of a country's currency against other countries' currencies. Currency values have an important role in spending decisions, because exchange rates allow us to translate prices from different countries into the same instrument.

According to Mankiw (2007), the exchange rate between two countries is the price of the currency used by residents of that country to trade with each other. Abhimanyu (2004) states that the currency exchange rate is the price of a currency relative to the currencies of other countries, and because this exchange rate includes two currencies, the equilibrium point is determined by the supply and demand of the two currencies.

RESEARCH METHODS

Research Model This study uses the form of the relationship between macro variables and the composite stock price index and uses a multiple linear model, which explains the causal relationship between one dependent variable and several independent variables.

The causal relationship in multiple linear regression is formulated as follows: Inflation, Economic Growth, Dollar Exchange Rate and SBI (7-Day Reverse Repo Rate) on the JCI.

$$Y = a + b1X1 + b2X2 + b3X3 + b4X4 + e$$

Explanation.

Y = dependent variable, in the form of Composite Stock Price Index (JCI).

a = constant, if there is no independent variable.

b1,b2,b3,b4,b5 = variable regression coefficient (direction value as a predictor which shows the value of increasing or decreasing Y).

X1 = independent variable 1, Inflation

X2 = independent variable 2, Economic Growth.

X3 = independent variable 3, Dollar Exchange.

X4 = independent variable 4, SBI (7-Days Reverse Repo Rate).

e = other variables that affect Y.

DATA, COLLECTION METHODS AND DATA SOURCES

Method of collecting data

a. Secondary Data. This study uses secondary data in the form of time series data with an annual scale taken from data sources including Bank Indonesia (BI), the Financial Services Authority (OJK), the Central Statistics Agency (BPS) and the Indonesia Stock Exchange (IDX) and Other websites that can be used as a source of reference.

b. Literature. Data collection in this research is also complemented by reading and studying and analyzing literature sourced from books, articles and journals related to this research.

c. Data source. Data collection by means of online library research. This research uses books, journals, or articles, and sources from the internet, including:

1) Indonesia Stock Exchange (https://www.idx.co.id),
2) Yahoo Finance (https://finance.yahoo.com),
3) Capital Financial Services Authority (https://www.ojk.go.id),
4) Bank Indonesia (https://www.bi.go.id),
5) Central Bureau of Capital Statistics (https://www.bps.go.id).

POPULATION AND SAMPLE

The population is a generalization area consisting of objects/subjects that have certain qualities and characteristics determined by researchers to be studied and then drawn conclusions (Sugiyono, 2010: 115). Sample according to Sugiyono (2010:116), the research sample is from the number and characteristics possessed by the population. If the population is large and it is impossible for the researcher to study everything in the population, what is learned from the sample, the conclusions will be applicable to the population.

RESEARCH HYPOTHESIS

The hypothesis states "A statement about the researcher's expectations regarding the relationships between the variables in the problem, so that the hypothesis of this research is as follows:

PARTIALLY AND SIMULTANEOUSLY

H1 : Inflation is suspected to have an effect on JCI.
H2: It is suspected that economic growth will affect the JCI.
H3 : It is suspected that the dollar exchange rate will affect the JCI.
H4: It is suspected that SBI (7-Days Reverse Repo Rate) has an effect on JCI.
H5 : Allegedly Inflation, Economic Growth, Dollar Exchange Rate and SBI simultaneous effect on JCI.

RESULTS AND DISCUSSION

Equation of Multiple Linear Regression Analysis In this study, multiple linear regression analysis is stated to determine whether or not there is an influence between the independent variables (independent) on the dependent variable (dependent).
From the classical assumption test, it can be concluded that the regression model can be used in data processing.

Simultaneous Test

Based on data processing in the F (Anova) test, the following regression equation can be generated:

ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	25.582	4	6.396	24.386	.000[b]
	Residual	2.098	8	.262		
	Total	27.681	12			

a. Dependent Variable: JCI
b. Predictors: (Constant), Inflation, Economic Growth, Exchange_Dollar, SBI_7Days_Repo_Rate.

Partial Test (t Test)

Coefficients[a]

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	.725	1.395		.520	.617
Inflation	.001	.001	.157	.989	.352
Economic_Growth	.003	.001	.415	3.849	.005
Kurs_Dollar	.006	.001	.746	6.780	.000
SBI_7Days_Repo_Rate	-.007	.002	-.461	-4.120	.003

a. Dependent Variable: IHSG

MULTIPLE LINEAR REGRESSION TEST RESULTS

Y = 0.725 + 0.001 Inflation + 0.003 Economic Growth + 0.006 Dollar Exchange Rate - 0.007 SBI.

Based on the Partial Test table (t test), it can be concluded as follows:

a. Dependent Variable: JCI Based on the above test, the value of the constant (α) generated is 0.725, indicating that if the values of the variables Inflation, Economic Growth, Dollar Exchange and SBI are considered constant (0), then the stock price value is 0.715 scale unit.
b. The results of hypothesis testing indicate that the value of the regression coefficient on the inflation variable is 0.001. So, the results of this study indicate that information on changes in inflation has a positive effect on decisions on the Composite Stock Price Index (JCI) in the Indonesian capital market, which means that every 1 percent increase in inflation will affect the JCI increase by 0.001 percent.
c. The results of hypothesis testing indicate that the value of the regression coefficient on the Economic Growth variable is 0.003. So, the results of this study indicate that information on changes in Economic Growth has a positive effect on decisions on the Composite Stock Price Index (IHSG) in the Indonesian capital market, which means that for every 1 percent increase in Economic Growth, it will affect the JCI increase by 0.003 percent.
d. The results of hypothesis testing indicate that the value of the regression coefficient on the Dollar Exchange variable is 0.006. So, the results of this study indicates that information on changes in the Dollar Exchange rate has a positive effect on decisions on the Composite Stock Price Index (JCI) in the Indonesian capital market, which means that every 1 percent increase in the Dollar Exchange rate will affect the JCI increase by 0.006 percent.
e. The results of hypothesis testing indicate that the value of the regression coefficient on the SBI variable or 7 Day Repo Rate is -0.007. So, the results of this study indicate that information on changes in SBI or 7 Day Repo Rate has a negative effect on decisions on the Composite Stock Price Index (IHSG) in the Indonesian capital market, which means that every 1 percent increase in SBI will affect the JCI decrease by 0.007 percent.

PARTIAL TEST RESULTS (T TEST)

According to Ghozali (2013: 61), the test basically shows how far the influence of one independent variable individually in explaining the dependent variable. The results of the partial test (t test) are as follows:

a. Test results-1, Inflation has a t count of 0.989 < t table of 2.306, and a significant value of 0.352 > 0.050, it can be concluded that inflation has no significant effect on the Composite Stock Price Index (JCI).
b. Test-2, Economic Growth with a t count of 3.849 > t table of 2.306, a significance value of 0.005 < 0.050, which means H2 is accepted, it can be concluded that Economic Growth has a significant effect on the Composite Stock Price Index (JCI).
c. Test-3, the dollar exchange rate has a t count of 6.780 > t table of 2.306 and Test 2 with a significance value of 0.000 < 0.050 which means that H3 is accepted, it can be concluded that the dollar exchange rate has a significant effect on the Composite Stock Price Index (JCI).
d. Test-4, SBI has a t count of - 4.120 > t table of 2.306 and Test 2 with a significance value of -0.003 < 0.050 which means H4 is accepted, it can be concluded that the Dollar Exchange rate has a significant effect on the Composite Stock Price Index (JCI).

Correlation Test

The results of the Anova test, which is a simultaneous test, shows that the effect of Inflation, Economic Growth, Dollar Exchange and SBI_7Days_Repo_Rate on the JCI has a significant effect (Sig. 0.000 < 0.005) and F Count 24,386 > F table 3,837).

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.961[a]	.924	.886	51212

a. Predictors: (Constant), Inflation, Economic_Growth, Kurs_Dollar, SBI_7Days_Repo_Rate.

b. Dependent Variable: IHSG

The results of the correlation between Inflation, Economic Growth, Dollar Exchange and SBI (7Days_Repo_Rate), on the JCI for the 2010 to 2021 period of 0.961 or 96.1% and Adjusted R Square of 0.886 or 88.6% have a very strong influence.

CONCLUSION

Based on the analysis and discussion above, it can be concluded that inflation has no significant effect on the JCI, while economic growth, the dollar exchange rate and SBI have a significant effect on the JCI. Simultaneously (together), Economic Growth Inflation, Dollar Exchange Rate and SBI have a significant effect on the JCI for the period 2010 to 2021.

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