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THE EFFECT OF INFLATION, INTEREST RATES, AND EXCHANGE RATES ON THE IHSG PRICE INDEX

Ahmad Fathun Nangim[1], Arham Nur Fadilah[2], Eki Ramadan[3]

arhamnurf16@gmail.com
ahmad.fathun05@gmail.com
rmdn0106@gmail.com

Abstract

This study examines the influence of inflation, interest rates, and exchange rates on the Composite Stock Price Index (JCI) during the 2015-2024 period. Using multiple linear regression analysis with SPSS version 27, secondary data was collected from Bank Indonesia and the Indonesia Stock Exchange. Classical assumption tests including normality, multicollinearity, heteroscedasticity, and autocorrelation tests are carried out to ensure the validity of the model. The results of the study show that partially, only the exchange rate has a positive and significant effect on the JCI, while inflation and interest rates do not show a significant influence. However, simultaneous testing revealed that the three macroeconomic variables together have a significant influence on the movement of the JCI. The coefficient of determination (R^2) shows that these variables explain 8.1% of the JCI variation, with the remaining 91.9% being influenced by other factors not included in the model. This research contributes to the understanding of the sensitivity of the Indonesian stock market to macroeconomic variables, especially emphasizing the dominant role of exchange rate stability in determining stock market performance. These findings provide valuable insights for investors in portfolio diversification strategies and for policymakers in designing monetary policy to maintain capital market stability.

Keywords: **Inflation, Interest Rate, Exchange Rate, Stocks, JCI**

Introduction

As an important barometer to measure the economic development of a country, the capital market functions to provide funds from people with surplus funds (investors) to those who need them for productive work.

In Indonesia, the JCI (Composite Stock Price Index) serves as a market benchmark and the main indicator of overall stock movements. The movement of the JCI illustrates the stock price on the Indonesia Stock Exchange (IDX), which represents macroeconomic conditions and investors' perception of the national economic outlook. Variations in JCI reflect dynamics influenced by inflation, interest rates, exchange rates, and money supply. As stated by Boediono (2014), macroeconomic elements play a crucial role in all economic activities, including the capital market. The relationship between these variables and JCI is important to support economic

policies and investment strategies. Inflation is a condition of general price increases that affect people's purchasing power. High inflation rates reduce purchasing power, which can lower a company's earnings and weaken stock prices. On the contrary, stable inflation can be a sign of economic expansion. Based on a study by Dewi Asriani and Mega Tunjung Hapsari (2022), inflation does not significantly affect the JCI in the consumption sector because Indonesia's inflation from 2017 to 2020 does not exceed 10 percent.

The movement of the JCI is also related to the rupiah exchange rate against the United States dollar (USD). When the rupiah weakens, the cost of importing raw materials becomes more expensive and causes a decrease in the company's profitability; So, the stock price will fall. The results of Dea Alfia Riska and Purwanti's research (2024) stated that the exchange rate had a significant negative effect on the JCI during the 2018–2022 period. Regarding the JCI, the money supply (M2) is another macroeconomic factor that affects it as an indicator of liquidity. Furthermore, when the money supply increases without an increase in production, this can lead to inflation and hamper the capital market. Asriani and Hapsari (2022) show that M2 does not have a significant effect on JCI, but the simultaneous interaction with inflation and interest rates, can significantly affect the movement of JCI in the consumption sector. Several previous studies have found different results on how macroeconomic variables affect the JCI. According to Daffa (2023), inflation has a positive and significant influence, while Yulia & Dewi (2018) found a negative and insignificant influence. This broad spectrum of data shows that there are macroeconomic variables that have different relationships with the JCI, depending on various conditions and transition periods.

Figure 1 Developments of Inflation, Interest Rates, and Rupiah Exchange Rates in Indonesia

Tahun	Tingkat Inflasi	Tingkat Suku Bunga	Nilai Tukar Rupiah
2015	3,35	7,50%	13.795
2016	3,02	4,75%	13.436
2017	3,61	4,25%	13.548
2018	3,13	6%	14.481
2019	2,72	5%	13.901
2020	1,68	3,75%	14.105
2021	1,87	3,50%	14.269
2022	5,51	5,50%	15.731
2023	2,61	6%	15.416
2024	1,57	6%	16.162

(Source: Bank Indonesia 2025)

Figure 2 JCI Stock Price Development for the 2015-2024 Period

2015	4.593,01	-12,13%	359,19%
2016	5.296,71	15,32%	429,55%
2017	6.355,65	19,99%	535,42%
2018	6.194,50	-2,54%	519,31%
2019	6.299,54	1,70%	529,81%
2020	5.979,07	-5,09%	497,77%
2021	6.581,48	10,08%	557,99%
2022	6.850,62	4,09%	584,90%
2023	7.272,80	6,16%	627,11%
2024	7.079,91	-2,65%	607,83%

Source: IDX (processed by bolasalju.com)

From the previous background, it can be said that the movement of the JCI is greatly influenced by macroeconomic factors such as the inflation rate, interest rates, exchange rates, and the money supply. Therefore, future studies should explore the influence of these variables and verify how macroeconomic factors affect the performance of Indonesia's capital markets. This study is expected to help investors to invest and policymakers in designing environmentally friendly economic policies.

Theoretical Framework

A. Theory Against Inflation

The common understanding in Indonesia is that inflation refers to an increase in the consumer price index (CPI), which reflects the overall price increase for goods and services over a given period. Inflation is highly regarded by market participants as one of the important macroeconomic indicators. This has a direct impact on people's purchasing power.

Thanks to changes in inflation that affect its performance and economic health, the JCI is considered a benchmark for the stock market, which can have a major impact on its movements.

Researchers have found that inflation significantly affects the JCI in Indonesia. For example, Herlinda Fitri Febriyanti and Silvi Delfiani (Padang State University) found that during the 2016-2020 period inflation and the rupiah exchange rate against the dollar partially affected the JCI. On the other hand, the interest rate set by BI is not always significant. [jmassbi.fekon.unand.ac.id]

Ilma Hijrianti, Firman Maulana Fadilah, Jamaludin Suhada Shamurti, Junaedi, and Lisa Kustina (Universitas Pelita Bangsa) found that during the 2018-2022 period that inflation positively and significantly affected the JCI

when tested together with interest rates and exchange rates. [jurnal.lenteranusa.id]
Meanwhile, Stefhani Febriana and Khairunnisa pointed out that during the period from 2019 to 2021, inflation had an overall positive effect on the JCI, although this effect was not very significant. ([journal.ukmc.ac.id]

Other studies examined other macro variables. However, research by Ronald Pratama & Poetra also shows that inflation, crude oil prices, interest rates, and exchange rates in some ways have an influence on the JCI from 2005 to 2015. [E-Journal of Surabaya State University]

Sutandi, Susanto Wibowo, Nana Sutisna, Djoeng Lo Fung, and Januardi (Buddhi Dharma Journal) reached the same conclusion in their article "The Influence of Interest Rates, Rupiah Exchange Rates, and Inflation on JCI for the 2016-2020 Period". [Journal of Buddhi Dharma]

The result of another study by Putra & Nurmatias (2024) is that inflation in Indonesia has a statistically significant influence on the JCI. Monthly data from the global index (DJIA, SSEC, N225) and Indonesian inflation are analyzed in this study. ([Journal upi-yai.ac.id] Yuliarta and Bebasari (Universitas Pelita Bangsa) also proved the same thing for the 2018-2022 period: inflation (along with other variables such as interest rates and world oil prices) affects the JCI. Indices are becoming more and more macro.

There are several other studies that were conducted under extraordinary circumstances. As for Novia Chris Monica and Agus Munandar, they examined how the COVID-19 pandemic changed Indonesia's deflationary proxy composite index: not so good. The test results show that in the case of the pandemic, inflation has a negative impact on the JCI, which implies that with high uncertainty (economic reality), inflation can suppress stock prices. (Liu Yajun/Journal of Management and Economics) A large amount of Indonesian research is included in this collection of material. Here are some conclusions from these materials. First, the JCI seems to be influenced by inflation and exchange rates or interest rates either directly or as independent variables.
Second, the effects of inflation are not always the same: in some studies, the impact is positive, while some find the impact to be negative or only significant after controlling for other variables.

Third, in some circumstances (research period, global market conditions, economic situation such as pandemics, national monetary policy) how inflation affects the Composite Index. Fourth, local studies almost always add related variables such as interest rates and exchange rates when studying the effect of inflation on JCI instead of just looking at them separately. They view inflation as a set of macro-level factors as a whole.

B. Theory Against Interest Rates

The view of Udegbunam and Eriki (2001) is that interest rates are a major factor in macroeconomics and can also affect stock prices profoundly. When interest rates rise, both investors and companies change their behavior

accordingly. When the cost of borrowing money is more expensive and other investments are relatively more attractive—for example, bank deposits—what happens to stock prices?

If interest rates are higher, then the stock price tends to fall, as reported in an October 21 report from Bina Anugrah Informatika. This is because companies now have to pay more on debt (the securities they issue)—and profits eventually shrink, with a decline in investor interest in stocks as well.

Hartini Koapaha (2012) has expressed a similar view. The bank's main benchmark interest rate (BI rate) will have a negative correlation with Indonesia's Composite Stock Price Index (JCI). Simply put, when the BI rate rises, it is a signal to provide tight money to fight inflation; But actually this policy often damages the stock market's results. This was proven again on March 9 according to Safitri et al. (2014) according to whom the BI rate adjustment—especially the change in its Seven-Day Reserve Repo Value—provides market guidance for future economic policy changes and possible investment activities. As interest rates rise, borrowing costs get bigger and at the same time the potential return on stock investment also decreases as investors prefer safer financial instruments such as bonds or deposits.

When SBI interest rates rise, JCI will fall. On the other hand, when JCI skyrockets, SBI's interest rate to maintain sustainability is occasional With interest rates falling, stock index futures will rise in value. So it was found through Krisna and Wirawati (2013) that changes in SBI interest rates were the most important factor that affected the JCI and interest rate shocks contributed 45.1%. This means the only way forward is a real and possibly major crisis. Because every time interest rates soar, the JCI is likely to experience severe downward pressure.

In addition, research by G. A. Diah Utari et al. (2003) shows that changes in interest rates, such as stock prices, are a game of change. When interest rates rise, stock prices fall. On the other hand, when interest rates fall, stock prices are supposed to rise—which would indicate if other variables, including stability, retain all their light. A. Octasylva (2009) also argues that the SBI interest rate is an important variable for the JCI. Other important macroeconomic factors include exchange rates and inflation. Once interest rates rise, stock indices will fall as investors shift their remaining funds to low-risk instruments.

I. Melyani (2011) insists that changes in interest rates affect the company's capital costs and investor decisions. When interest rates rise, the company's financing costs rise, reducing net profit. It also makes people much less interested in investing in stocks. Ichwani and Dewi (2012) used marker theory to explain this: an increase in the BI rate sends a signal to the market that the economy is slowing down. This signal could

also lead to a weakening of confidence among investors, which will make the Indonesian stock market less active.

Summing it all up, in general these studies consistently suggest that—and consistently show—there is a significant negative relationship between interest rates and the Indonesia Stock Exchange. With higher interest rates, banks also charge more for money loans. This means that the company's sales contract as well as its production side will always enter negative territory, as all production costs cannot be passed on to others. On the other hand, lowering interest rates can bring practical benefits to the stock exchange. In this way, the cost of funds is reduced and although investors have to take more risks to get higher returns than the debt instruments are usually offered, they can actually get the returns they expect (i.e., positive on the financial footing).

This relationship itself is important—because on the one hand, there is a sustainable bank money supply policy while at the same time there is a nationwide investment system for savings or capitalization of new ideas ranging from small to multinational stock companies.

Method

This study analyzes the influence of several economic variables on the Jakarta Composite Stock Price Index (JCI) on the Indonesia Stock Exchange during the period 2015-2024. The variables studied include Inflation, Bank Indonesia Interest Rate, and Rupiah Exchange Rate, with JCI as the dependent variable. The object of this study is JCI as a dependent variable, while the independent variables are Inflation, Bank Indonesia Interest Rate, and Exchange Rate. All data was taken from the period 2015 to 2024. This study uses secondary data. Data on inflation, interest rates, and exchange rates are obtained from the official website of Bank Indonesia (www.bi.go.id). Meanwhile, JCI data was collected from the official websites of the Indonesia Stock Exchange (www.idx.co.id) and Yahoo Finance (www.finance.yahoo.com). Data analysis was carried out using a quantitative method with multiple linear regression to evaluate the influence of independent variables on the JCI. Data processing is carried out using SPSS version 27. Classical assumption testing includes normality test, multicollinearity test, heteroscedasticity test, and autocorrelation test. The normality test aims to ensure the normal distribution of data, while the multicollinearity test ensures that there is no strong relationship between independent variables. The heteroscedasticity test checks the consistency of residual variance, and the autocorrelation test tests the relationship between errors in different periods. Furthermore, multiple regression analysis is used to test the hypothesis. The test was carried out both partially (t-test) and simultaneously (F-test), with the determination coefficient (R^2) used to assess how well the regression model explains the variability in the JCI.

Results

A. Classic Assumption Test

1. The normality test results of the P-Plot test are as follows:

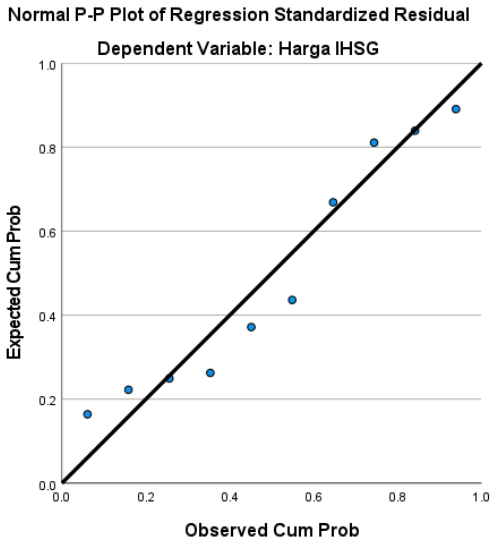

FIGURE 3. Normality Test.

The results of the Normality Test in Figure 3 show that the data normality test for the regression model has met the normality assumption because the data is spread around the diagonal line and follows the direction of the diagonal line.

2. Multicollinearity Test

The multicollinearity test aims to test whether or not a regression model is found to have a high or perfect correlation between independent variables in the regression model (Rahmad et al, 2020). To detect the presence or absence of multicollinearity, it can be done by looking at tolerance and the value of the Variance Inflation Factor (VIF). If the tolerance value is more than 0.1 and the Variance Inflation Factor (VIF) value is less than 10, then the regression model is free of multicollinearity between independent variables.

Table 1 Multicollinearity Test Results

Coefficientsa

Model		Unstandardized Coefficients		Standardized Coefficients			Correlations			Collinearity Statistics	
		B	Std. Error	Beta	t	Itself.	Zero-order	Partial	Part	Tolerance	BRIGHT
1	(Constant)	-3025.730	2429.074		-1.246	.259					
	Inflation	18.680	142.892	.027	.131	.900	-.077	.053	.025	.921	1.086
	Interest Rate	-342.203	142.098	-.514	-2.408	.053	-.229	-.701	-.469	.833	1.200
	Exchange Rate	.760	.175	.894	4.353	.005	.735	.871	.848	.901	1.110

a. Dependent Variable: JCI Price

Based on the results shown in table 1, the tolerance value generated by each independent variable exceeds 0.1. The inflation variable has a tolerance value of 0.921, the variable interest rate Bank Indonesia has a tolerance value of 0.833, and the exchange rate variable is 0.901. The value of the Variance Inflation Factor (VIF) produced by each independent variable is less than 10. The Inflation variable has a VIF value of 1,086, Bank Indonesia Interest Rate of 1,200 and an exchange rate of 1,110. The results show that there is no multicollinearity between the free variables in the regression model.

3. Heteroscedasticity Test

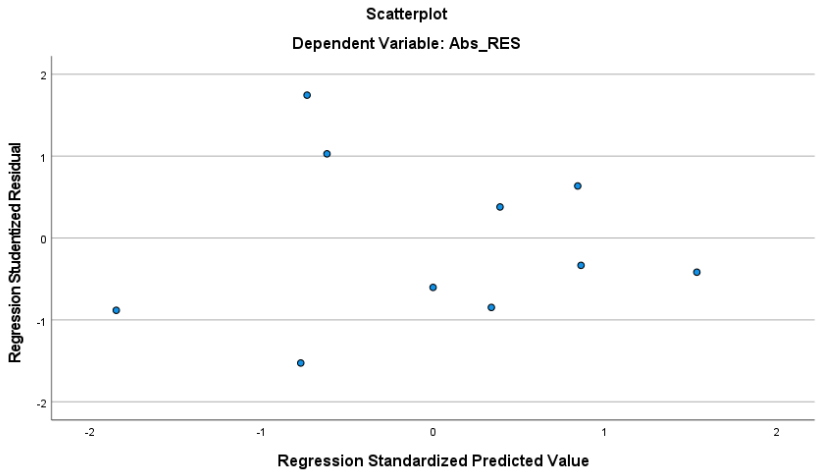

FIGURE 4 Heteroscedasticity Test Results

Hipotesis:

a. H_0 (Null hypothesis): There are no symptoms of heteroscedasticity in the regression model (residual variants are constant or homoskedastic).
b. H_1 (Alternative hypothesis): There are symptoms of heteroscedasticity in the regression model (residual variants are not constant).

Result:

Based on the results of the heteroscedasticity test through the analysis of the Scatterplot graph, it can be seen that the residual points are randomly spread above and below the zero (0) line and do not form a specific pattern. This shows that the regression model does not experience symptoms of heteroscedasticity. Thus, it can be concluded that the variant of the residual is constant (homoskedastic), so the regression model is feasible to use for further analysis.

4. Autocorrelation Test

Table 2. Autocorrelation Test Results

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.285a	.081	-.378	184.58860	2.737

a. Predictors: (Constant), Exchange Rate, Inflation, Interest Rate
b. Dependent Variable: ABSRES

DW values range from 0 to 4, with general conditions:

a. DW ≈ 2 → no autocorrelation.
b. DW < 2 → there is an indication of positive autocorrelation.
c. DW > 2 → there is an indication of negative autocorrelation.

Based on the results of the autocorrelation test using the Durbin-Watson test, a DW value of 2.737 was obtained. The value is close to 2 and is within a range that indicates the absence of significant autocorrelation between residuals. Thus, it can be concluded that the regression model does not experience autocorrelation symptoms, so the residual is independent and the model is feasible for further analysis.

Table 3. Test Runs Test Results

Runs Test

	Unstandardized Residual
Test Value[a]	-115.88451
Cases < Test Value	5
Cases >= Test Value	5
Total Cases	10
Number of Runs	7
With	.335

Asymp. Sig. (2-tailed)	.737

a. Median

Hipotesis:

a. H_0: Residual is random (no autocorrelation).
b. H_1: Residual is not random (there is autocorrelation).

Decision-making policy:

a. If Sig. (2-tailed) > 0.05, then H_0 is accepted = no autocorrelation.
b. If Sig. (2-tailed) ≤ 0.05, then H_0 is rejected = there is an autocorrelation.

Based on the results of the autocorrelation test using the Runs Test method, a significance value (Asymp. Sig. 2-tailed) was obtained of 0.737, which is greater than the significance level of 0.05. This shows that H_0 is accepted, so it can be concluded that there is no autocorrelation in the regression model. Thus, the residual is random and the regression model is suitable for further analysis.

B. Uji Hypothesis
1. T Test

Table 4 Test-T

Coefficientsa

Model		Unstandardized Coefficients		Standardized Coefficients			Correlations			Collinearity Statistics	
		B	Std. Error	Beta	t	Itself.	Zero-order	Partial	Part	Tolerance	BRIGHT
1	(Constant)	-3025.730	2429.074		-1.246	.259					
	Inflation	18.680	142.892	.027	.131	.900	-.077	.053	.025	.921	1.086
	Interest Rate	-342.203	142.098	-.514	-2.408	.053	-.229	-.701	-.469	.833	1.200
	Exchange Rate	.760	.175	.894	4.353	.005	.735	.871	.848	.901	1.110

a. Dependent Variable: JCI Price

a. The Inflation variable has a significance value of 0.900 > 0.05, so H_0 is accepted and H_1 is rejected. This means that inflation does not have a significant effect on the price of JCI. This shows that changes in the inflation rate do not directly affect the movement of the composite stock price index.
b. The Interest Rate variable has a significance value of 0.053 > 0.05, which means that it is not significant at the level of 5%, but close to significant. Thus, interest rates have a negative but not significant effect on the price of JCI. The regression coefficient of -342.203 shows that every 1 unit increase in the interest rate will lower the price of the JCI by 342.203 points, assuming other variables are constant.
c. The Exchange Rate Value variable has a significance value of 0.005 < 0.05, so H_0 is rejected and H_1 is accepted. This means that the exchange rate has a positive and significant effect on the price of JCI. The regression coefficient of 0.760 shows that every 1 unit increase in the exchange rate will increase the price of JCI by 0.760 points, assuming other variables remain the same.

Conclusion of the t test

Based on the results of the partial t-test, only the exchange rate variable had a significant effect on the price of the JCI, while inflation and interest rates did not show a significant influence. Thus, JCI movements are more sensitive to exchange rate changes than other macroeconomic variables in this model.

2. F-Test.

Table 5 F-Test Results

ANOVA

Model		Sum of Squares	df	Mean Square	F	Itself.
1	Regression	4594076.028	3	1531358.676	6.776	.024b
	Residual	1355893.846	6	225982.308		
	Total	5949969.874	9			

a. Dependent Variable: JCI Price
b. Predictors: (Constant), Exchange Rate, Inflation, Interest Rate

The hypothesis of the F test is as follows:

a. H_0 : Inflation rates, interest rates, and rupiah exchange rates simultaneously do not have a significant effect on the JCI stock price.
b. H_1 : Inflation rates, interest rates, and exchange rates simultaneously have a significant influence on the JCI stock price.

Decision-making criteria:

a. If the Sig. value < 0.05, then H_0 is rejected and H_1 is accepted, meaning that there is a significant influence.
b. If the Sig. value > 0.05, then H_0 is accepted and H_1 is rejected, meaning there is no significant effect.

Conclusion

Based on the results of the F test in the ANOVA table, the Fcal value was obtained of 6.776 with a significance value (Sig.) of 0.024. Since the Sig. value is 0.024 < 0.05, H_0 is rejected and H_1 is accepted. This shows that simultaneously the variables of inflation, interest rates, and exchange rates have a significant effect on the price of the JCI. In other words, the three independent variables are together able to explain the variation in changes in the dependent variable, namely the price of the JCI.

3. Determination Coefficient Test

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.285[a]	.081	-.378	184.58860	2.737

a. Predictors: (Constant), Nilai Kurs, Inflasi, Tingkat Suku Bunga

b. Dependent Variable: ABSRES

Figure 5 Determination Coefficient Test Results

Based on the Model Summary table, the value of the determination coefficient (R Square) was obtained of 0.081 or 8.1%. This shows that independent variables, namely inflation, interest rate, and exchange rate, are able to explain 8.1% of the variation in changes in the dependent variable (ABSRES), while the remaining 91.9% is explained by other factors outside this research model.

The Adjusted R Square value of –0.378 indicates that after adjusting for the number of independent variables and the sample used, the model's ability to explain the dependent variables is relatively low. Thus, it can be concluded that the relationship between independent variables and ABSRES is not strong, so it is likely that there are other factors that have more influence on these variables.

C. Analysis of the Regresi Linier Berganda

The equation can be interpreted as follows:
JCI=−3025,730+18,680(Inflation)−342,203(Interest Rate)+0.760(Exchange Rate)

a. The constant (-3025.730) shows that if all independent variables (inflation, interest rate, and exchange rate) are zero, then the JCI value is estimated at -3025.730 points.
b. The inflation coefficient (18.680) means that every increase in one unit of inflation will increase the JCI by 18.680 points, assuming other variables remain the same.
c. The interest rate coefficient (-342.203) shows that every one unit increase in the interest rate will lower the JCI by 342.203 points, assuming other variables are constant.
d. The exchange rate coefficient (0.760) means that every increase of one unit of the exchange rate will increase the JCI by 0.760 points, assuming the other variables are constant.

Based on the results of multiple linear regression analysis, it can be concluded that only partially the exchange rate variable has a significant effect on the Composite Stock Price Index **(JCI),** while the **variables of inflation and interest rates** have no significant effect. However, simultaneously, these three variables have a **significant influence on the JCI**. This shows that JCI movements are more sensitive to changes in exchange rates than to inflation and interest rates.

Discussion

The results of this study show that only partially the exchange rate variable has a positive and significant effect on the Composite Stock Price Index (JCI), while the variables of inflation and interest rates do not have a significant effect. Simultaneously, these three macroeconomic variables have a significant effect on the movement of the JCI. These findings provide an interpretation that exchange rate stability has a dominant role in determining the movement of the Indonesian stock market, especially in the context of the 2015–2024 period.

These results are in line with the theoretical framework that states that the appreciation of the rupiah exchange rate tends to increase the attractiveness of stock investment because it reduces import costs and increases the profitability of companies (Udegbunam & Eriki, 2001). This is also consistent with the findings of Dea Alfia Riska and Purwanti (2024) who found a significant influence of exchange rates on JCI during a similar period. On the other hand, the insignificant influence of inflation supports the study of Dewi Asriani and Mega Tunjung Hapsari (2022) who stated that Indonesia's inflation rate is relatively stable so that it does not cause sharp fluctuations in the stock market.

In terms of interest rates, the results of the study show a negative but not significant direction. This is in accordance with the classic theory that explains

that rising interest rates will increase capital costs and decrease investor interest in stocks, but these effects are not always immediately noticeable in the short term (Koapaha, 2012). This condition can be caused by the adaptive factors of investors in the Indonesian capital market who consider long-term expectations more than short-term interest rate changes.

Scientifically, these findings reinforce the literature that macroeconomic variables have different influences depending on economic stability and the period of the study. The practical implication is the importance of maintaining exchange rate stability to create a conducive investment climate in the Indonesian capital market. For investors, these results can be the basis for a portfolio diversification strategy by paying attention to exchange rate dynamics as the main indicator of JCI movements.

The main contribution of this study is to provide the latest empirical evidence regarding the sensitivity of JCI to macroeconomic factors in the post-pandemic period and global fluctuations. However, this study has limitations because it only uses three macroeconomic variables and annual secondary data, so it does not include other factors such as the money supply, world oil prices, or global political conditions that may also affect the JCI. Further research is recommended to expand the model with additional variables and use data with higher frequencies (monthly or quarterly) to make the results more comprehensive and accurate.

The discussion section should provide an interpretation of the research findings by relating them to the objectives, theoretical framework, and previous studies. It should elaborate on both the scientific and practical implications of the results, highlight the study's contributions, and address its limitations.

Conclusion

This study aims to analyze the influence of inflation, interest rates, and exchange rates on the Composite Stock Price Index (JCI) in Indonesia during the 2015–2024 period. Based on the results of multiple regression analysis, it was found that only partially the exchange rate variable had a significant effect on the JCI, while inflation and interest rates did not have a significant influence. However, simultaneously these three variables have a significant influence on the movement of the JCI. These findings show that the movement of the Indonesian stock market is more sensitive to changes in exchange rates than to fluctuations in inflation and interest rates.

Academically, this research contributes to strengthening macroeconomic and capital market theories by emphasizing that exchange rate stability is the main factor that affects stock indices in developing countries such as Indonesia. Practically, the results of this research can be a reference for investors and policymakers in designing investment strategies and monetary policies that maintain national capital market stability.

The limitations of this study lie in the limited number of independent variables and the relatively short analysis period. Therefore, further research is recommended to add other variables such as the money supply, world oil prices, and global political conditions, as well as use data with higher frequencies in order to provide more comprehensive results that are relevant to current market dynamics.

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