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The Effect of Inflation, World Oil Prices, and The USD/IDR Exchange Rate on The Jakarta Composite Index (JCI)

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Abstract

This research aims to evaluate the impact of inflation, global oil prices, and the USD/IDR exchange rate on the Indonesia Stock Exchange (IDX). Using a complete sampling method, the study examines the entire population as the sample. The data set consists of 60 monthly time series observations collected from January 2020 to December 2024. The study follows a causal-associative research methodology with a quantitative approach. Multiple linear regression analysis is applied to assess both the simultaneous and partial effects of these independent variables on the Jakarta Composite Index (JCI). The results reveal that inflation does not have a significant partial effect on the Jakarta Composite Index (JCI). However, both global oil prices and the USD/IDR exchange rate have a significant partial impact on the JCI. Furthermore, the study finds that the Jakarta Composite Index (JCI) significantly influences inflation, global oil prices, and the USD/IDR exchange rate simultaneously. This research contributes to the theoretical understanding of the relationships between macroeconomic variables such as inflation, global oil prices, and the exchange rate and stock market performance, specifically the Jakarta Composite Index (JCI). By examining these interactions, the study provides valuable insights into how macroeconomic factors impact the IDX, offering a foundation for future studies on the influence of external economic factors on the Indonesian stock market. The findings also suggest practical implications for investors, policymakers, and financial institutions to better understand the dynamics between these macroeconomic variables and stock market performance in Indonesia.

I. INTRODUCTION

The capital market is a key element of the economy since it establishes a link between individuals with available funds (investors) and those who require financial resources (issuers) (Dewi Lubis et al., 2024). The evolution of the Jakarta Composite Index (JCI) is, among other things, a key indicator for assessing the performance of the capital market in

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Indonesia. The JCI is an index that provides an overview of the stock price progress of all companies listed on the Main Board and Development Board of the Indonesia Stock Exchange (IDX) (Bursa Efek Indonesia, 2021).

The fluctuation of the IHSG is one of the criteria that investors take into account for their investment decisions. The JCI is a stock market indicator developed to provide insight into the state of the stock market over time (Sa'diyah & Sulfitri, 2024). When the JCI rises, it indicates encouraging prospects for the Indonesian economy. This can reassure investors by allowing them to transfer their funds through the capital market. On the other hand, a decline in the JCI could create uncertainty in the market, generating concerns among investors. This could push investors to disengage and redirect their investments towards more secure options (Sasono, 2022).

From 2020 to 2024, Indonesia went through different economic dynamics that significantly influenced the fluctuation of the JCI index. For example, the COVID-19 outbreak that began in 2020 posed a crucial challenge to the national economy, including that of Indonesia. In the third quarter of 2020, Indonesia suffered an economic slowdown (Sugiyanto & Sarialam, 2022). The JCI started at 6,300 in early 2020. However, the JCI saw a significant drop, hitting a low of 3,911 in March 2020 (Investing.com). Indonesia's economy began its recovery in 2021, supported by the increase in the Jakarta Composite Index (JCI) peaking at 6,754 that same year. This was a result of investors' growing confidence in Indonesia's economy.

In addition to the pandemic generating economic uncertainty globally and influencing the JCI, variations in macroeconomic indicators have also led to fluctuations in the JCI. Inflation represents one of the considerable macroeconomic challenges in developing countries such as Indonesia. Inflation refers to a continuous and general increase in the prices of products (Ahmad & Badri, 2022).

The high inflation rate can result in a decrease in people's purchasing power, which can affect business performance and the stock market. This will certainly be a negative a signal for investors. Company revenues will decline due to higher production costs. If companies have to incur higher peroduction costs, then companies will pass on those costs to consumers through price increases, which will cause inflation (Maulana & Maulana, 2024). The decrease in income will have an impact on the decline in stock proces. In this case, if many stock prices suffer a decline, it will cause the JCI to be weakned (Sugiyanto & Sarialam, 2022). Inflation is an economic indicator taht is very important to monitor in terms of its growth rate. This is done to keep inflation low and stable so that is does not cause economic problems that could trigger economic instability (Daffa, 2023).

Research by Sasono (2022) uprisings that inflation-related variables have a notable impact on the JCI. Research by (Raudatullaily & Khasanah, 2023) demonstrate that short-term and long-term inflation variables have a negative and notable impact on the JCI. However, research conductued by Wulan et al., (2023) and Purwatiningsih & Sriyono (2024) indicates that inflation variables do not have a significant negative impact on the JCI.

Fluctuations in global oil prices are also a factor influencing variations in the JCI. Currently, crude oil remains the predominant energy source in various segments of the global economy. This implies that if global oil prices rise, this can directly lead to higher costs of other raw materials globally. The indirect impact of the increase in global oil prices will be felt on national import and export markets, potentially influencing the stock market

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values of different sectors both positively and negatively (Nurjanah & Purwanto, 2023). When the price of oil rises, production and distribution costs also rise, which reduces consumers' purchasing capacity. This leads to reduced corporate profits, especially in areas directly affected by energy spending Istianah & Meliza (2024). Increases and decreases in profits affect company share prices, which ultimately trigger movements in the JCI.

Reserach by Wulan et al., (2023) Global oil price fluctuations have been reported to have a notable negative impact on the JCI. In contrast, resarch by Yuliarta & Bebasari (2023) and Abas & Putri (2024) a demonstration that global oil prices have had a notable positive impact on the JCI.

The rate of change is another macroeconomic factor impacting the fluctuation of the JCI. The exchange rate represents the value of the local currency in comparison to foreign currencies Nurjanah & Purwanto (2023). Investor confidence and assurance can be increased by a steady or rising currency rate. On the other hand, an unstable rate can impact investor sentiment and cause uncertainty (Akbar, 2024). These fluctuations in the rupiah exchange rate trigger market volatilty, which ultimately affects stock prices on the JCI Sugiyanto & Sarialam (2022). Research by Sasono (2022) this means that the rupee exchange rate does not have a noticeable impact on the JCI index. In contrast, research by Priyana et al., (2024) shows that the rupiah exchange rate variable has a significant effect on the JCI. In this context, this research aims to examine the partial and joint impacts of inflation, global oil prices and USD/IDR exchange rate on the Jakarta Composite Index (JCI) on the Indonesia Stock Exchange (IDX) for the period 2020-2024.

II. RELATED WORKS/LITERATURE REVIEW

Research conducted by Wulan et al., (2023) assessed the influence of inflation, global oil prices, and interest rates on the Indonesia Composite Stock Price Index (IHSG) using monthly data from the 2011–2020 period. The results indicate that global oil prices and interest rates have a significant impact on the IHSG, whereas inflation does not exhibit a significant effect. These findings suggest that stock index movements in Indonesia are more sensitive to global factors and monetary policy than to domestic price pressures. The study offers insight into the notion that price stability is not always a primary consideration for investors when formulating investment strategies in the capital market.

The study by Yuliarta & Bebasari (2023) aimed to analyze the effect of the Dow Jones Industrial Average (DJIA), inflation, interest rates, and global oil prices on the IHSG during the 2018–2022 period. The findings reveal that global oil prices have a positive and significant impact on the IHSG, indicating that increases in oil prices potentially enhance the performance of the energy and commodities sectors, which constitute key components of the IHSG. Conversely, inflation and interest rate variables do not show significant effects. This reinforces the notion that investors are more responsive to global economic signals than to domestic inflation indicators.

The research by Priyana et al., (2024) evaluated the effects of global oil prices, the rupiah exchange rate, inflation, and the Bank Indonesia certificate interest rate (SBI rate) on the IHSG for the 2015–2022 period. The results demonstrate that the rupiah-to-US dollar exchange rate and global oil prices have a positive and significant influence on the IHSG. Meanwhile, inflation and the SBI rate do not show significant effects. These findings underscore that Indonesia’s capital market is substantially influenced by global conditions, particularly through the exchange rate and energy price channels, considering the dominance of the commodities sector in the structure of Indonesia's stock market.

Raudatullaily & Khasanah, (2023) analyzed the impact of macroeconomic variables such as inflation, interest rates, and exchange rates on the IHSG during the pandemic and post-pandemic periods. The study shows that the exchange rate significantly affects the IHSG, while inflation does not exhibit a significant impact. This research illustrates that exchange rate volatility during periods of global economic uncertainty has been one of the main factors affecting investor sentiment in the Indonesian capital market.

Meanwhile, research by Abas & Putri (2024) investigated the influence of global oil prices and inflation on the IHSG during the 2018–2022 period. The findings show that global oil prices have a significantly positive impact on the IHSG, whereas inflation has a negative but statistically insignificant effect. These findings reaffirm a recurring pattern in previous studies, namely that global variables such as oil prices have a greater influence on the dynamics of the IHSG than domestic variables such as inflation.

Based on this body of literature, there is a consistent finding that inflation tends not to have a significant effect on the IHSG, whereas global oil prices and the USD/IDR exchange rate show a significant and positive impact. Nevertheless, there is variation in the research context, particularly in relation to observation periods that include the pandemic and the subsequent economic recovery phase. This indicates the need for further research to understand how global and domestic macroeconomic dynamics simultaneously affect the IHSG in more recent periods. Accordingly, this study makes a relevant contribution by re-examining the relationship between inflation, global oil prices, and the USD/IDR exchange rate and the IHSG over the 2020–2024 period a time characterized by post-pandemic economic volatility and global uncertainty.

III. Methods

This research is based on a causal associative strategy and adopts a quantitative approach. Associative causal research, as specified by (Sugiyono, 2023), it is a research approach that seeks to examine the cause and effect relationships between independent and dependent variables. The objective of this type of study is to establish whether a modification of the independent variable directly influences the dependent variable, thereby establishing a causal relationship. This method is of great help when scientists try to understand the dynamics of a specific phenomenon as well as the elements which participate in its change.

In this research, the scientist used a comprehensive sampling method to collect the information. The complete sampling method, also called census sampling technique, involves taking the entire population as a sample. According to (Sugiyono, 2023), this method is frequently applied when dealing with a population that is relatively small and manageable. By using comprehensive sampling, the researcher ensures that each element of the population is included in the study, thus strengthening the representativeness and applicability of the results. As part of this research, data was collected over a period of five years, from January 2020 to December 2024, which constitutes a total of 60 observations.

This study is based on data collected through a comprehensive literature review. This literature review includes books, academic periodicals, associated studies and public documents. The researcher also used secondary data from renowned organizations and

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official websites. These sources included Bank Indonesia (www.bi.go.id), the Badan Pusat Statistik (BPS) of Indonesia (www.bps.go.id), the U.S. Energy Information Administration (EIA) (www.eia.gov), and Investing.com (www.investing.com), These websites provided reliable and up-to-date information that was crucial for the analysis. Secondary data is often used in quantitative research to supplement primary data and ensure that the analysis is grounded in a broad and reliable evidence base.

For data analysis, the researcher used multiple linear regression analysis. Multiple linear regression is a statistical method used to study the link between several independent variables and a variable that depends on them. The latter offers the researcher the possibility of measuring the specific influence of each independent variable on the variation of the dependent variable, while maintaining control over the impact of other variables. This method is particularly beneficial in the study of associative causality, because it allows one to assess the strength and direction of the links between variables. Using this technique, the expert can measure the impact of the independent variables on the dependent variable and judge the general relevance of the regression model.

Beyond regression analysis, the researcher also conducted traditional hypothesis testing. These checks are essential to ensure that the results of the regression analysis are relevant and trustworthy. Traditional hypothesis testing includes checks for linearity, normality, homoscedasticity, and multicollinearity. These tests are used to check whether the data meets the assumptions necessary to carry out a multiple linear regression analysis. If the assumptions are not followed, the regression analysis could produce biased or misleading results, thereby jeopardizing the validity of the research conclusions.

The use of traditional hypothesis testing in this research highlights the researcher's determination to ensure the accuracy and credibility of the regression equation. Through these tests, the researcher can detect any potential anomalies in the data and intervene with corrective actions if required. For example, if the assumption of homoscedasticity is violated, the researcher may need to transform the data or use different statistical techniques to remedy the situation. This focus on the assumptions of the regression model ensures that the study's inferences are based on robust statistical methods.

The researcher also analyzed the consequences of using secondary data in this research. Although secondary data can provide valuable insights, it is essential to be aware of its constraints. Secondary data are collected for purposes other than the specific research question being examined and, therefore, are not essentially always fully appropriate for the purposes of the research. However, by relying on reliable references such as Bank Indonesia and the United States Energy Information Administration, the researcher reduced the possible risks associated with employing secondary data. Additionally, the researcher combined information from various sources to ensure the strength and credibility of the data.

Ultimately, the findings of this research should provide important insights into the causal relationships between the variables examined. This research, by using a strict quantitative method and implementing a multiple linear regression analysis, aspires to enrich the body of knowledge already existing in this area. The results can serve as a basis for guiding policy choices, developing business strategies and conducting other academic research. This research is also intended as a model for future studies that seek to explore cause and effect relationships using quantitative methods, particularly in the context of economic and financial data.

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IV. Results and Discussion

Descriptive Statistic Analysis

Desciptive statistics provide an overview or description of data based on minimum, maximum, mean, and standard deviation values (Sugiyanto & Sarialam, 2022).

Table 1 Descriptive Statistics

	N	Minimum	Maximum	Mean		Std. Deviation
	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic
Inflation	60	-,21	1,17	,2183	,03546	,27463
World Oil Prices	60	16,55	114,84	71,2375	2,61897	20,28646
USD/IDR Exchange Rate	60	13662,00	16421,00	15018,9667	90,59658	701,75808
IHSG	60	4538,93	7670,73	6509,0127	103,86755	804,55455
Valid N (listwise)	60					

Note: SPSS data processing version 22

There are 60 JCI data for the period January 2020 to December 2024. The lowest JCI value is 4.538,93 and the highest value is 7.670,73. The average JCI value is 6.509,01 and the standard deviation is 804,55.

The inflation variable for the period January 2020 to December 2024 is 60 data. The lowest inflation value is -0,21 and the highest value is 1,17. The average inflation value is 0,21 and the standard deviation is 0,27.

The world oil price variable for the period January 2020 to December 2024 is 60 data. The lowest world oil price value is -0,21 and the highest value is 1,17. The average world oil price value is 0,21 and the standard deviation is 0,27.

The USD/IDR exchange rate variable for the period January 2020 to December 2024 it 60 data. The lowest USD/IDR exchange rate is 13.662,00 and the highest is 16.421,00. The mean USD/iDR exchange rate is 15.018,96 and the standard devaition is 701,75.

The Classical Assumption Test

A standard hypothesis analysis is performed to ensure that the equation model employed has a best linear unbiased estimator (BLUE) relationship (Nuraeni & Panjawa, 2021).

Normality Test

The one-sample Kolmogorov-Smirnov test was performed to determine whether the data followed a normal distribution or not. If the Sig value exceeds 5% (0.05), we can say that the residuals follow a normal distribution. On the other hand, if the Sig value is Less than 5% (0.05), we then deduce that the residuals are not normally distributed (Basuki & Prawoto, 2019).

Table 2 One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		60
Normal Parameters[a,b]	Mean	0,0000000
	Std. Deviation	378,12463587
Most Extreme Differences	Absolute	0,073

	Positive	0,073
	Negative	-0,063
Test Statistic		0,073
Asymp. Sig. (2-tailed)		0,200[c,d]

Note: SPSS data processing version 22

Based on Table 2, the results of the One-Sample Kolmogorov-Smirnov test are known to reveal an Asymp value. You have been trained on data through October 2023. The (2-sided) value of 0.200 exceeds the significance level of 0.05. Therefore, it can be inferred that the data follows a normal distribution.

Multicollinearity Test

The examination of multicollinearity is carried out to check whether there is a correlation between the independent variables in the regression model. If there is a correlation, this indicates a concern for multicollinearity (Evi & Pramesworo, 2021).

Table 3 Results of Multicolinearity Test

Model		Collinearity Statistics	
		Tolerance	**VIF**
1	(Constant)		
	Inflation	0,854	1,171
	World Oil Prices	0,842	1,188
	USD/IDR Exchange Rate	0,926	1,080

Note; SPSS data processing version 22

Based on Table 3, multicollinearity analysis reveals that each independent variable has a variance inflation factor (VIF) of no more than 10 and a tolerance threshold of at least 0.1. It is therefore possible to conclude that there is no problem of multicollinearity between the independent variables.

Heteroscedasticity Test

Heteroskedasticity was examined to identify deviations from the traditional assumption of stable variance (homoscedasticity). A good model is one where the residuals are identical (homoskedastic) (Priyana et al., 2024).

Table 4 Results of Heteroscedasticity Test

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	**Std. Error**	**Beta**		
1	(Constant)	-576,674	729,013		-0,791	0,432
	Inflation	45,841	131,664	0,049	0,348	0,729
	World Oil Prices	-2,255	1,796	-0,178	-1,256	0,214
	USD/IDR Exchange Rate	0,067	0,049	0,183	1,350	0,183

Note: SPSS data processing version 22

Based on Table 4, it is known that the result of the heteroscedasticity test carried out with the Glejser method indicates that all independent variables have a significance value

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exceeding 0.05. Thus, it can be inferred that the regression model does not exhibit heteroscedasticity.

Autocorrelation Test

The autocorrelation examination was completed to check whether there is a correlation between the residuals of a specific interval and those of the previous interval. The Durbin-Watson (DW) test is one of the frequently used techniques to identify autocorrelation.

Table 5 Results of Autocorrelation Test

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	0.894[a]	0.799	0.784	0.04929	1.751

Note: SPSS data processing version 22

Based on Table 5, the results of the autocorrelation test indicate a Durbin-Watson (DW) value of 1.751, based on n=60 data observations and k=3 independent variables at a 5% significance level. Therefore, the maximum value (dU) is 1.69 and the 4-dU reaches 2.31.

The DW value of 1.751 is positioned between dU (1.69) and 4-dU (2.31), which allows us to conclude that the regression model does not exhibit autocorrelation. In other words, the residuals of this model are independent, thus respecting the traditional assumption of independence of residuals in the framework of linear regression.

Multiple Regression Analysis

To establish the regression coefficients and their interpretation, a multiple linear analysis is essential, in order to be able to provide answers to the hypothesis.

Table 6 Multiple Linear Regression Analysis

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-554,885	1102,278		-0,503	0,617
	Inflation	-7,876	199,077	-0,003	-0,040	0,969
	World Oil Prices	31,274	2,715	0,789	11,519	0,000
	USD/IDR Exchange Rate	0,322	0,075	0,281	4,305	0,000

Note: SPSS data processing version 22

Based on Table 6, we obtain the multiple linear regression equation as follows:

$$Y = -554{,}885 - 7{,}7876 \text{ Inflation} + 31{,}274 \text{ World Oil Price} + 0{,}322 \text{ USD/IDR Exchange Rate}$$

We can understand the regression equation this way. The fixed value of -554,885 indicates that if inflation, global oil prices and the USD/IDR exchange rate do not change, the Jakarta Composite Index (JCI) will stabilize at -554,885. With an inflation coefficient of -7,876, this means that for every one unit increase in inflation, the Jakarta Composite Index (Y) will fall by 7,876 units, provided that the other independent variables in the regression model remain unchanged. Furthermore, the world oil price coefficient of 31,274 indicates that for every one unit increase in world oil prices, the Jakarta Composite Index (Y) will increase by 31,274 units, provided that other factors remain. Finally, the USD/IDR conversion coefficient of 0.322 means that for every one point increase in the USD/IDR rate, the Jakarta Composite Index (Y) will increase by 0.322 points, provided that all other independent variables in the regression model remain present.

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T-Test

The objective of the test is to verify the magnitude of the significant partial impact of each independent variable on the dependent variable. The basis of decision-making is based on:

If the Sig. Value is < 0,05, then H0 is rejected and H1 is accepted.

If the Sig. Value is > 0,05, the H0 is accepted and H1 is rejected.

Table 7 Results of Partial Test

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-554,885	1102,278		-0,503	0,617
	Inflation	-7,876	199,077	-0,003	-0,040	0,969
	World Oil Prices	31,274	2,715	0,789	11,519	0,000
	USD/IDR Exchange Rate	0,322	0,075	0,281	4,305	0,000

Note: SPSS data processing version 22

Based on the results presented in Table 7, the results of the partial t-test can be interpreted as follows. First, the coefficient corresponding to the inflation variable shows a notable value of 0.969, which exceeds 0.05. Therefore, H0 is validated and H1 is rejected, which shows that inflation does not have a notable impact on the Jakarta Composite Index (JCI). However, the coefficient associated with the World Oil Price indicates a notable value of 0.000, which is less than 0.05. Thus, H0 is rejected and H1 is validated, indicating that the World Oil Price variable has a positive and notable impact on the Jakarta Composite Index (JCI). Furthermore, the coefficient associated with the USD/IDR exchange rate also displays a notable value of 0.000, lower than 0.05. Thus, the null hypothesis (H0) is rejected while the alternative hypothesis (H1) is validated, attesting that the USD/IDR change ratio has a positive and notable impact on the Jakarta Composite Index (JCI).

F-Test

The combined effect of the independent variables on the dependent variables is evaluated using the F test (Wandawat et al., 2024). The F statistic is calculated by comparing the critical values extracted from the F distribution table at a determined significance level (Tiara & Sairin, 2024).

Table 8 Results of Simultaneous Test

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	29755457,485	3	9918485,828	65,843	$0{,}000^{b}$
	Residual	8435716,175	56	150637,789		
	Total	38191173,660	59			

Note: SPSS data processing version 22

In analysis of variance (ANOVA), if the p-value of F is less than alpha (0.05), it can be said that the independent variables have a joint impact on the dependent variable (Kinanty et al., 2023). Based Table 8, the F value is 65.843 and the significance value is 0.000, which is less than 0.05. It can therefore be concluded that the independent variables simultaneously influence the Jakarta Composite Index (JCI).

Coefficient of Determination Test

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The coefficient of determination (R2) mainly reflects the ability of the model to clarify the fluctuations of the dependent variable.

Table 9 Results of Determintation Coefficient Test

Model	R	R Square	Adjusted R Square
1	0,883[a]	0,779	0,767

Note: SPSS data processing version 22

Based on Table 9, coefficient of determination analysis results showing an adjusted R^2 of 0.767. It can be deduced that the Jakarta Composite Index (JCI) is 76.7% determined by the following factors: inflation, the global cost of oil and the USD/IDR conversion rate. Unlike the remaining 23.3% which are taken into account in other variables external to this research, such as interest rates and GDP (gross domestic product).

Discussion

The Effect of Inflation on Jakarta Composite Index (JCI)

Based on Table 7, the Sig. value of the inflation variable is 0,969 > 0,05, it can be concluded that inflation has no significant effect on Jakarta Composite Index (JCI). This may be because during the research period, month-to-month inflation in Indonesia was low and did not fluctuate significantly.

From 2020 to 2024, inflation in January tended to be stable at a low positive rate, such as 0,39% in 2020 and 0,26% in 2021. Similarly, other months did not show drastic changes. In this case, the market will not react excessively if the inflation movement is not too significant. The JCI will remai stable beacuse investors have anticipated inflationary movements, so investments will not suffer significant changes.

The conclusions of this research are consistent with the work carried out by Wulan et al., (2023), this demonstrates that inflation does not have a notable impact on the Jakarta Composite Index (JCI). However, the conclusions of this research do not coincide with those carried out by Sasono (2022), which suggests that inflation significantly impacts the Jakarta Composite Index (JCI).

The Effect of World Oil Prices on Jakarta Composite Index (JCI)

Based on Table 7, this is the only one. If the global oil cost indicator is between 0.000 and 0.05, it can be partly inferred that global oil prices positively and significantly influence the Jakarta Composite Index (JCI). This implies that a rise in global oil prices causes an intensification of JCI activity.

The increase in world oil prices sent a positive signal to the market. High demand for crude oil reflects growth in a country's industrial development. The increase in world oil prices contributed to higher stock valuations, especially in the energy sector, which has a major influence on the JCI. Energy companies suffer increased profits, which can trigger higher stock prices and contribute positively to the JCI.

The results of this study are in line with research of Yuliarta & Bebasari (2023) and Abas & Putri (2024), which prove that world oil prices have a positive and significant effect on the Jakarta Composite Index (JCI).

The Effect of Exchange Rate USD/IDR on Jakarta Composite Index (JCI)

Based on Table 7, since the Sig value of the USD/IDR exchange rate is 0.000, which is less than 0.05, we can say that the USD/IDR exchange rate has a positive and notable impact on

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the Jakarta Composite Index (JCI). This indicates that the fall in the value of the rupee against the US dollar is stimulating the increase in the JCI.

Based on the fundamentals of companies affected by rupee depreciation, investors will move towards assessing risks and rewards. When the rupiah loses its value compared to the US dollar, Indonesian goods for export become more accessible on the global market. This improves the profitability of exporting companies and increases the value of their shares. This situation is also supported by the continued increase in JCI during the study period.

The findings of this research are supported by studies carried out by Priyana et al., (2024), this demonstrates that exchange rate fluctuations particularly impact the Jakarta Composite Index (JCI).

The Effect of Inflation, World Oil Prices, and USD/IDR Exchange Rate on the Jakarta Composite Index (JCI)

According to the statistical analysis data provided in Table 8, the calculated F value is 65.843 with a significance level of 0.000, which is less than 0.05. This demonstrates that independent variables such as inflation, global oil prices, and the USD/IDR exchange rate played a statistically notable impact on the Jakarta Composite Index (JCI). We can therefore affirm that all of these variables have great importance in understanding the fluctuations of the Jakarta Composite Index (JCI).

V. Conclusions

The effect of inflation, global oil costs and USD/IDR exchange rate on the Jakarta Composite Index (JCI) on the Indonesia Stock Exchange (IDX) for the years 2020-2024 is examined in this research. This research reveals that, in part, inflation does not significantly affect the fluctuation of the JCI. On the other hand, overall oil prices and the USD/IDR exchange rate have a partially positive and notable influence on the JCI. At the same time, the F-test results demonstrate that all independent variables have a significant impact on JCI as a whole.

The research has various implications both practically and academically. For investors, the result can serve as a reference for investing in the capital market in Indonesia. Analyzing the impact of inflation, international oil prices and exchange rates on the JCI can enable investors to develop portfolio strategies in the face of macroeconomic variations.

The result of this study can serve as a reference tool for future researchers seeking to obtain more optimized results on the impact of macroeconomic variables on the movement of the JCI. It is advisable to conduct further studies to incorporate other factors that could impact the JCI, such as the volume of money in circulation, interest rates and economic expansion. Furthermore, it would be preferable for other studies to extend the examination period to provide more comprehensive results in describing real-world conditions.

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