

# FACTORS INFLUENCING COMPOSITE STOCK PRICE INDEX (IHSG) ON THE INDONESIA STOCK EXCHANGE MONTHLY ON 2019-2021

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## Abstract

The capital market is one of the dominant factors in determining a country's economy because the capital market can describe the ups and downs of a country's economy. One way is to look at the performance and development of a country's capital market by looking at the stock price index of a company listed on the country's stock exchange. One stock index that investors often forget when investing in Indonesia is the Composite Stock Price Index (IHSG). The population in this study was 36. The sampling technique was using a saturated sample which made the entire population as a sample. Hypothesis test results show that world gold prices have an influence on the monthly IHSG on the Indonesia Stock Exchange for the 2019-2021 period. This is because when the price of gold on the world market increases, people's interest in gold increases and vice versa, so the increase in world gold prices will trigger movements in the stock exchange index in Indonesia. The exchange rate influences the monthly IHSG on the Indonesian Stock Exchange for the 2019-2021 period. In other words, when the rupiah exchange rate against foreign currencies strengthens, many investors will invest in the stock market, because this strengthening can indicate that the economy in a country is good. The Dow Jones index influences the monthly IHSG on the Indonesian Stock Exchange for the 2019-2021 period. This is because the Dow Jones is the largest index group in America and America is also a superpower and a destination country for Indonesia's exports.

**Keywords:** World Gold Prices, Exchange Rates, Dow Jones Index, Composite Stock Price Index (IHSG), Indonesia Stock Exchange

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## Introduction

The capital market has an important role in the economy of a country because the capital market is a place and means for business funding and for companies to get funds from public investors (investors). The funds obtained from the capital market can be used to expand businesses, improve capital structure, and carry out the transfer of shareholders and others (Alfian & Mustafa, 2019). One indicator that can measure capital market working performance is the return market. The return market of Indonesia is displayed as the Composite Stock Price Index or IHSG. The composite stock price index is one of the indexes that become guidance for investors while investing their money in the Indonesia Stock Exchange known as BEI (Permatasari & Yuniarsih, 2020). Composite Stock Price Index (IHSG) is a reflection of the performance of the capital market whether it is experiencing an increase (bullish) or is experiencing a decrease (bearish) (Hidayat Nugroho et al., 2016). The phenomenon of the decline in the IHSG on domestic stock exchanges can be influenced by many factors such as a decline in company performance, domestic policies such as inflation, interest rates, exchange rates or other factors that come from outside. According to Sunariyah, (2013), the stock price index can fluctuate along with changes in macroeconomic assumptions such as inflation, exchange rates and interest rates. Macro factors affect company performance and changes in company performance fundamentally affect stock prices in the

market. Agustina, (2021) said that fundamental information is obtained from within entities including dividends and growth in product sales from issuers, while technical information is obtained from outside issuers such as finance, politics, economic situations, etc. Fundamentalist investors will value shares according to the company's current performance and prospects for the company's performance in the future. Permatasari & Yuniarsih, (2020) said that Composite stock price index movement could be determined by two factors which are internal and external.

The internal factor in this research is the Indonesian rupiah currency exchange toward USD. In calculating the exchange rate the currency should compare with the exchange rate of another country's currency. For example, we compare the value of the rupiah with the value of the dollar. Investment funds are in the form of foreign currencies as well as investing in the form or style of stock investments (Hidayat Nugroho et al., 2016). The exchange rate is the value of a country's currency as measured by the value of another country's currency because this will have an impact on the return that investors will get when the value is converted in exchange rates. In addition, the exchange rate is important because there is open trading so the exchange rate can affect the company's financial condition. When the value of the rupiah depreciates against the US dollar, this will cause imported goods to become expensive. If most of the company's raw materials use imported materials, this will automatically increase production costs. This increase in production costs will certainly reduce the company's profit level. The decline in the company's profit rate will certainly affect investors' buying interest in the company's shares. In general, this can lead to a weakening of the country's stock price index (Ismiati et al., 2013). The unpredictable exchange rate change can cause negativity in an economy, such as more significant uncertainty on future consumption Devereux, (2004) in Goh et al., (2021), and an elevated risk for domestic and foreign direct investment by Byrne & Davis, (2005), and Servén, (2003) in Goh et al. (2021). Meanwhile, Zhao, (2010) in Goh et al., (2021) indicate bidirectional volatility spillover between stock prices and exchange rates.

One of the external factors is the world gold price, gold has zero inflation, thus gold become the most desired currency in wide world. Values of gold always follow inflation. Gold also become one of the currency protection instruments (Wang et al., 2010). A study conducted by Movahedizadeh, (2014) in Permatasari & Yuniarsih, (2020) stated that the world gold price has a positive impact on composite stock prices. Meanwhile, the study by Tursoy et al., (2008), Buyuksalvarci, (2010), and Rusbariand, (2012) claimed that world gold price does not have a significant impact on the composite stock price. In the commodity market, gold is a form of investment that has always captivated everyone from time to time, considered a safe form of investment because prices are unlikely to fall drastically, different from companies that can go bankrupt and shares become worthless at all. Gold price fluctuations from year to year and the small risk level is estimated to affect the movement of the composite stock price index. This has led investors to consider shifting their investments to gold rather than capital market investments. The low interest in investing in the capital market as well as selling actions by investors will result in a decline in the price of the joint stock on the stock exchange (Nugraha et al., 2020). According to Investing.com on (6/02/2020) the effects of a pandemic on market players have not only had a firm effect on safe-haven financial assets (US Dollars), but Gold has become an alternative investment instrument that is considered safe for now so that world gold prices have also pushed up. According to RTI, currently, world gold on the spot market has appreciated 0.05% to the level of US\$1,567.45 per ounce with the highest price being US\$1,569.10 per ounce. Therefore, the price movement of gold as a rival and competitor for stock investment can affect investors.

The second external factor is The Dow Jones Industrial Average, also known as the Dow Jones Index, which is a stock market index founded in 1982 by the editor of The Wall Street Journal and founder of Dow Jones & Company, Charles Dow. The Dow Jones Industrial (DJIA) here index is one of the three main stock indexes on the United States stock market that have an impact on the economy of the United States and the world (Wall Street Journal) reference. The Dow Jones Industrial Average is currently the oldest running US market index. The DJIA index is a reflection of the US economic performance, if the DJIA index increases, the American economy will also improve (Andiyasa et al., 2014). Dow Jones index become the biggest average index in the world and the movement of the Dow Jones index affects

almost every other index movement in the capital market of Indonesia said Kirby, (2005) in Permatasari & Yuniarsih, (2020). After China, America was the second most important export destination. Total trade between Indonesia and America increased by 3.84% over the last five years (2014-2018) Ministry of Trade in Permatasari & Yuniarsih, (2020). As an export destination for developing countries including Indonesia, where America's economic growth has increased, it can boost the economy of Indonesia both through export activities and have a good impact on direct investment and investment in the Indonesian capital market.

All countries try to remove trade barriers related to the flow of capital, goods, and services. Policies to strengthen economic cooperation are carried out by eliminating discrimination, and uniting policies related to various instruments, such as import duties, taxes, currency, laws, and standardization so that global economic integration slowly occurs said Wild and Wild in Nengah Aryasta et al., (2019). Indonesia is a rising economy with significant economic potential, putting the country in a favorable position for newly advanced economic development. Because it is Southeast Asia's largest economy, state-owned enterprises (SOEs) and major private business groups (conglomerates) play an important role. In 2025, Indonesia will have 287 million people, making it the world's fourth most populated country. By concentrating on the determinants of stock market indices, this study adds new and robust evidence for investors to adopt preventive measures before trading in stocks, as well as to the existing literature.

H1: World Gold Prices have a positive effect on the IHSG

Gold is a form of investment that tends to be risk-free, gold has a value that tends to be stable and increase. It is very rare for gold prices to fall, and gold is a tool that can be used to ward off inflation that often occurs every year (Sartika, 2017). Research conducted by Kusumawardani & Riduwan, (2017) where this researcher shows that there is an influence between the World Gold Price and IHSG.

H2: The Exchange Rate has a positive effect on the IHSG.

The exchange rate or exchange rate shows the price or value of a country's currency expressed in the value of another country's currency (Pravita, 2018). The "portfolio balance" approach believes that there is a negative relationship between stock prices and exchange rates. An increase in domestic stock prices encourages individuals to demand more domestic assets and encourages investors to sell their foreign assets. The increase in wealth along with the increase in domestic asset prices, as well as the demand for domestic money, ultimately drives down the exchange rate because it attracts capital into the domestic market (Kewal, 2012). Research conducted by Appa, (2014), states that the exchange rate has a positive influence on the composite stock price index. Another study conducted by I Putu Marta Edi Kusuma & Badjra, (2016), shows that exchange rates influence the movement of the Jakarta Composite Index (IHSG). Research conducted by Pravita, (2018) shows that the Exchange Rate has a positive and significant influence on the IHSG.

H3: The Dow Jones Index has a positive effect on the IHSG.

The Dow Jones Industrial Average (DJIA) is the average joint stock of the largest companies in the world, therefore the movement of the Dow Jones can affect the movement of company stock prices in other countries, including Indonesia (Darwati & Santoso, 2015). The Dow Jones index accurately reflected the state of the American economy. From this understanding, it can be generally understood that the Dow Jones Industrial Average (DJIA) is the average of the combined shares of the 30 largest companies in America that are spread across various countries. The companies selected are companies with large capitalization. This index represents economic activity in the United States. This index can describe the performance of the American economy. The increase in the Dow Jones Index means that the United States' economic performance is also improving. As Indonesia's number two export destination country, economic growth in the United States can boost Indonesia's economic growth through export activities and capital inflows, both direct investment and through the capital market. Research conducted by Darwati & Santoso, (2015) and Nengah Aryasta et al., (2019) states that the Dow Jones Index has a significant influence on

the IHSG. Similar to research from Muhamad & Henny, (2021) where his research states that there is an influence between the Dow Jones Index and the IHSG.

### Methods

#### Study Area

Quantitative methods are used to examine certain populations or samples, data collection uses research instruments, and data analysis is quantitative descriptive statistics, intending to test the established hypotheses. The quantitative approach is an approach in research to test hypotheses by using accurate statistical data tests. This research takes data from the monthly IHSG for 3 years 2019-2021 so that 36 IHSG data are obtained.

#### Population and Sample

The sampling technique in this study used the saturated sample method. According to Sugiyono, (2016), the notion of a saturated sample is a sampling technique when all members of the population are sampled, this is done when the population is relatively small, less than 30, or the research wants to make generalizations with very small errors. Another term for a saturated sample is a census, where the entire population is sampled. In this case, the researcher took 36 samples from each variable. The population and sample in this research are Gold Prices, Exchange Rates, Dow Jones Index, and monthly IHSG from 2019-2021, the sampling technique in this research uses saturated samples. According to Sugiyono, (2016), Saturated Sampling is a sample selection technique when all members of the population are sampled. The sampling technique in this study used the Saturated Sampling Technique, in which all populations in this study were sampled. Table 1 shows the population and sample data used in this research.

Table 1. Population and Sample

No.	Year	Month	Composite Stock Price Index	World Gold Price	Exchange rate	<i>DOW JONES INDEX</i>
1	2019	January	6.532,97	1.384,00	13.970,0	24.999,67
2	2019	February	6.443,35	1.375,30	14.060,0	25.916,00
3	2019	March	6.468,75	1.350,40	14.235,0	25.928,68
4	2019	April	6.455,35	1.340,40	14.245,0	26.592,91
5	2019	Mey	6.209,12	1.357,50	14.270,0	24.815,04
6	2019	June	6.358,63	1.452,90	14.125,0	26.599,96
7	2019	July	6.390,50	1.473,30	14.012,0	26.864,27
8	2019	August	6.328,47	1.563,10	14.180,0	26.403,28
9	2019	September	6.169,10	1.514,50	14.190,0	26.916,83
10	2019	Oktober	6.228,32	1.556,90	14.032,0	27.046,23
11	2019	November	6.011,83	1.510,70	14.100,0	28.051,41
12	2019	December	6.299,54	1.567,60	13.880,0	28.538,44
13	2020	January	5.940,05	1.626,10	13.650,0	28.256,03
14	2020	February	5.452,70	1.596,60	14.340,0	25.409,36
15	2020	March	4.538,93	1.606,70	16.300,0	21.917,16
16	2020	April	4.716,40	1.713,20	14.825,0	24.345,72
17	2020	Mey	4.753,61	1.776,80	14.575,0	25.383,11
18	2020	June	4.905,39	1.836,50	14.180,0	25.812,88
19	2020	July	5.149,63	2.026,90	14.530,0	26.428,32
20	2020	August	5.238,49	2.009,50	14.560,0	28.430,05
21	2020	September	4.870,04	1.922,70	14.840,0	27.781,70
22	2020	Oktober	5.128,23	1.908,30	14.620,0	26.501,60
23	2020	November	5.612,42	1.797,20	14.090,0	29.638,64
24	2020	December	5.979,07	1.914,00	14.040,0	30.606,48
25	2021	January	5.862,35	1.859,50	14.020,0	29.982,62

26	2021	February	6.241,80	1.740,90	14.240,0	30.932,37
27	2021	March	5.985,52	1.722,40	14.520,0	32.981,55
28	2021	April	5.995,62	1.775,70	14.440,0	33.874,85
29	2021	Mey	5.947,46	1.911,00	14.275,0	34.529,45
30	2021	June	5.985,49	1.777,70	14.495,0	34.502,51
31	2021	July	6.070,04	1.819,10	14.460,0	34.935,47
32	2021	August	6.150,30	1.820,10	14.265,0	35.360,73
33	2021	September	6.286,94	1.758,50	14.310,0	33.843,92
34	2021	Oktober	6.591,35	1.785,90	14.165,0	35.819,56
35	2021	November	6.533,93	1.776,50	14.320,0	34.483,72
36	2021	December	6.581,48	1.828,60	14.250,0	36.338,30

**Data and Data Sources**

The data used in this research is secondary data. Secondary data is data obtained indirectly by researchers from companies but obtained from second, third, and so on parties. Data on World Gold Prices, Exchange Rates and the Dow Jones Index from [www.investing.com](http://www.investing.com) and data on the IHSG from the official account of the Indonesia Stock Exchange (IDX).

**Data collection technique**

Data collection techniques in this study used the documentation method. The data used for this study were taken from secondary data. Secondary data are data obtained indirectly from the source. The data source needed by the researcher was obtained from the official website of the Indonesia Stock Exchange, namely [www.idx.co.id](http://www.idx.co.id). and by compiling data on world gold prices, exchange rates, and the Dow Jones index available at [www.investing.com](http://www.investing.com) and the Indonesia Stock Exchange by compiling data on the composite stock price index available at [www.idx.co.id](http://www.idx.co.id).

**Analysis Techniques**

Researchers used quantitative analysis techniques. The quantitative analysis method is a method of data analysis using statistical techniques. This research was conducted with calculations based on a certain formula, so this research is research data using numbers. Then the data in the form of numbers is processed and presented in the form of tables, graphs, and others, which are then analyzed and conclusions drawn. The analysis techniques used include classical assumptions, multiple linear regression, hypothesis testing, and the coefficient of determination.

**Result and Discussion**

**Classic Assumption Test**

Table 2 shows that the significant value of the regression function of the World Gold Price, Exchange Rate, and Dow Jones Index variables is 0.200. This value is greater than 0.05 ( $0.200 > 0.05$ ). It can be concluded that the regression functions of the three variables are normally distributed.

Table 2. Normality Test

One-Sample Kolmogorov-Smirnov Test		
N		Unstandardized Residual 36
Normal Parameters <sup>a,b</sup>	Mean	.0000000
	Std. Deviation	.03648721
	Most Extreme Differences	
	Absolute	.085
	Positive	.085
	Negative	-.084
Test Statistic		.085
Asymp. Sig. (2-tailed)		.200 <sup>c,d</sup>

Source: Data processed by researchers

Source: Data processed by researchers

Table 3 shows the results of the multicollinearity test, so it can be concluded that the World Gold variable's Tolerance Value (X1) is 0.625, the Exchange Rate (X2) is 0.768 and the Dow Jones Index (X3) is 0.618. This means that the Tolerance Value is more than 0.10. While the results of calculating the VIF value from Table 2, show that World Gold (X1) is 1.600, the Exchange Rate (X2) is 1.301 and the Dow Jones Index (X3) is 1.618. This means that the VIF value is less than 10. So it can be concluded that there is no multicollinearity between the independent variables.

Table 3. Multicollinearity Test

Model	Coefficients <sup>a</sup>				Collinearity Statistics		
	Unstandardized Coefficients		Standardized Coefficients	T	Sig.	Tolerance	VIF
	B	Std. Error	Beta				
1 (Constant)	26.133	3.229		8.092	.000		
World Gold	-.674	.068	-.750	-9.897	.000	.625	1.600
Prices	-1.154	.259	-.304	-4.447	.000	.768	1.301
Indeks Dow jones	.602	.062	.746	9.784	.000	.618	1.618

Source: Data processed by researchers

Table 4 shows the gold price has a significance of 0.594, so it is greater than 0.05. So it can be concluded that the data has a good regression model because there is no heteroscedasticity between the variables tested, the significance value of the exchange rate variable is 0.973 so it is greater than 0.05. So it can be concluded that the data has a good regression model because there is no heteroscedasticity between the variables tested, and the significant value of the Dow Jones Index is 0.388, so it is greater than 0.05. So it can be concluded that the data has a good regression model because there is heteroscedasticity between the variables tested.

Table 4. Heteroscedasticity Test

Model	Unstandardized Coefficients		Standardized Coefficients		t	Sig.
	B	Std. Error	Beta			
1 (Constant)	-2.748	5.098			-.539	.594
World Gold	337.891	497.373	1.533		.679	.502
Prices	.003	.079	.028		.035	.973
Indeks Dow jones	5.083E-5	.000	1.455		.876	.388

Source: Data processed by researchers

Autocorrelation using the Run Test can be seen in Table 5, showing that the Asymp. Sig. (2-tailed) of 0.237, meaning that the value is more than 0.05. So it can be concluded that there are no signs of autocorrelation.

Table 5. Auto Correlation Test

Runs Test	
Unstandardized Residual	
Test Value <sup>a</sup>	.00361
Cases < Test Value	18
Cases >= Test Value	18
Total Cases	36
Number of Runs	15
Z	-1.184
Asymp. Sig. (2-tailed)	.237

Source: Data processed by researchers

From the results of Table 6, it can be seen that the multiple linear regression equation test is as follows:  
 $Y = a + b1.x1 + b2.x2 + b3.x3$   
 $= 18,540 - (0,674.x1) - (1,154.x2) + (0.602.x3)$

Table 6. Multiple Linear Regression

Model	Coefficients <sup>a</sup>			t	Sig.
	Unstandardized Coefficients		Standardized Coefficients		
	B	Std. Error	Beta		
1 (Constant)	18.540	2.597		7.140	.000
World Gold	-.674	.068	-.750	-9.897	.000
Prices	-1.154	.259	-.304	-4.447	.000
Indeks Dow jones	.602	.062	.746	9.784	.000

a. Dependent Variabel: IHSG

Source: Data processed by researchers

Information

1) a = 18,540

If the world gold price variable (X1), the exchange rate variable (X2) and the Dow Jones Index variable (X3) have a value of 0, then the IHSG variable (Y) is 18,540 units.

2) b1 = 0,674

The coefficient is 0.107, the coefficient value shows that every time there is an increase of 1 score for the world gold price (X1), the IHSG variable (Y) is 0.674

3) b2 = 1,154

The coefficient is 1.154, the coefficient value shows that every time there is an increase of 1 score for the Exchange rate variable (X2), the IHSG variable (Y) is 1.154

4) b3 = 0,602

The coefficient is 0.602, the coefficient value shows that every time there is an increase of 1 score for the Dow Jones Index variable (X3), the IHSG variable (Y) is 0.602.

According to Table 7, it shows that the World Gold variable (X1) has a Sig value of 0.000, meaning less than 0.05 ( $0.000 < 0.05$ ) and a coefficient of -0.674. So partially, the World Gold variable influences the IHSG. If the World Gold Price increases by one unit, the IHSG will decrease by 0.674 and vice versa. Based on the results of this study, show that the effect of the World Gold Price on the IHSG based on the linear regression model using the SPSS version 26 application has a coefficient of -0.674 from the World Gold Price, which means that if the World Gold Price increases by one unit, the Jakarta Composite Index will decrease by 0.674 and vice versa. Then the effect of the World Gold Price on the IHSG has a significance value of 0.000,  $< 0.05$ . So this study stated that H0 was rejected and H1 was accepted. It can be concluded that there is an influence between the World Gold Price and the IHSG. The world gold price affects the IHSG, meaning that if the price of gold circulating on the world market increases, it will affect financial instruments in certain countries, especially in Indonesia. In other words, the increase in world gold prices will trigger movements in the stock indexes in Indonesia. This research is in line with research conducted by Asandimitra & Kautsar (2019). Where this researcher states that there is an influence between the World Gold Price and the Composite Stock Price Index (IHSG), this means that gold is often used by investors to invest because the price of gold can adjust to inflation and gold is used as a measure to avoid investment risk to protect the value of its investment when the IHSG moves up and down.

Table 7. Hypothesis Testing

Model	Coefficients <sup>a</sup>			t	Sig.
	Unstandardized Coefficients		Standardized Coefficients		
	B	Std. Error	Beta		
1 (Constant)	18.540	2.597		7.140	.000
World Gold Prices	-.674	.068	-.750	-9.897	.000
Indeks Dow jones	-1.154	.259	-.304	-4.447	.000
	.602	.062	.746	9.784	.000

a. Dependent Variabel: IHSG

Source: Data processed by researchers

There are also, studies that are not in line with the results of this study. Among them is research conducted by (Sartika, 2017). Where in this study the result is that the World Gold Price does not affect the Composite Stock Price Index (IHSG). The world gold price does not affect the IHSG movement because gold is an alternative investment. Some gold investment options are still considered by investors not to provide a greater return than stocks.

Then the exchange rate variable (X2) has a Sig value of 0.000, or less than 0.05 ( $0.000 < 0.05$ ), and a coefficient of -1.154, so that partially, the exchange rate variable influences the IHSG. If the exchange rate increases by one unit, the IHSG will decrease by 1.154 and vice versa. Based on the results of this research, show that the influence of the exchange rate on the Composite Stock Price Index based on a linear regression model using the SPSS version 26 application has a coefficient of -1.154 on the Exchange Rate, which means that if the Exchange Rate increases by one unit, the Composite Stock Price Index will decrease by 1.154 and vice versa. Then the effect of the exchange rate on the Composite Stock Price Index has a significance value of 0.000,  $< 0.05$ . So this study stated that H0 was rejected and H1 was accepted. It can be concluded that there is an influence between the exchange rate and the IHSG.

The exchange rate affects the IHSG, which means that when the rupiah exchange rate against foreign currencies strengthens, many investors will invest in the stock market because this strengthening can indicate that the economy in a country is good. Meanwhile, when the rupiah exchange rate weakens against foreign currencies, it will indicate that the country's economy is weakening. If investors divert their funds from shares to other instruments, either in the form of savings or deposits, investors will trigger a decline in the movement of the IHSG value on the stock exchange. This research is in line with research conducted by Appa, (2014), I Putu Marta Edi Kusuma & Badjra, (2016), and Pravita, (2018). Where this researcher states that there is an influence between the exchange rate and the Composite Stock Price Index (IHSG), this is because the rupiah exchange rate from year to year on average experiences weakening or depreciation by the US Dollar, and this will automatically affect the IHSG.

Some studies are not in line with the results of this study. Among them is research conducted by Sartika, (2017). Where in this study the result is that the exchange rate does not affect IHSG. because many other factors influence the rise and fall of the exchange rate, including the inflation rate, government policy, differences in interest rates, and balance of payments activity.

Meanwhile, the Dow Jones Index variable (X3) has a Sig value of 0.000, or less than 0.05 ( $0.000 < 0.05$ ) and a coefficient of 0.602. So partially the Dow Jones Index variable influences the IHSG. This means that if the Dow Jones Index increases by one unit, the IHSG will increase by 0.602 and vice versa. The Dow Jones index influences the IHSG, meaning that if a country's economy increases, it will affect other countries that have economic or political partnerships. Like the Dow Jones Index in America which has a major influence on indices in other countries. The increase in the Dow Jones Index has a strong influence on the performance of the Indonesian stock exchange because America is a superpower



and is a destination country for Indonesian exports. So American economic growth can encourage Indonesian economic growth through export activities and inflows, both through direct investment and through the capital market. This research is in line with research conducted by Muhamad & Henny, (2021) and Nengah Aryasta et al., (2019) where this researcher stated that there is an influence between the Dow Jones Index and the Composite Stock Price Index (IHSG) because the Dow Jones Index itself is an index that is very influential on the movement of world stock prices.

The results of this study are not necessarily in line with all relevant research. Several studies produced different results from this research, namely research from Asandimitra & Kautsar, (2019), and Kusumawati & Asandimitra, (2017) which state that DJIA, FTSE100, Hang Seng, money supply, and net exports do not influence Indonesia Composite Index. Meanwhile, NIKKEI 225, KOSPI, and gold prices have a positive relationship with the Indonesia Composite Index (DJIA, FTSE100, Hang Seng, Money Supply and net exports do not affect IHSG. Meanwhile NIKKEI 225, KOSPI, and gold price have a positive relationship with the Indonesian Composite Stock Price Index ). This happens because the stock price index is not only influenced by economic factors such as changes in the stock market index in Indonesia, apart from being influenced by foreign capital markets but also influenced by non-economic conditions, security, politics, and the trading day itself is culturally different from the capital market in Indonesia—the United States of America.

Table 8. F test statistic

		<i>ANOVA<sup>a</sup></i>			
<b>Model</b>	<b>Sum of Squares</b>	<b>Df</b>	<b>Mean Square</b>	<b>F</b>	<b>Sig.</b>
1 Regression	109753214937.537	3	36584404979.179	70.132	.000 <sup>b</sup>
Residual	16692728281.213	32	521647758.788		
Total	126445943218.750	35			

a. Dependent Variables: IHSG

Source: Data processed by researchers

Based on the results of the F Test (simultaneous) in Table 8 above, it can be seen that the Sig value is 0.00 or less than 0.05 (0.000 <0.05). So it can be concluded that simultaneously or together, the independent variables (World Gold, Exchange Rate, and Dow Jones Index) affect the dependent variable (IHSG).

Table 9. Coefficient of Determination Test

<b>(R<sup>2</sup>)</b>				
<i>Model Summary</i>				
<b>Model</b>	<b>R</b>	<b>R Square</b>	<b>Adjusted R Square</b>	<b>Std. Error of the Estimate</b>
1	.941 <sup>a</sup>	.885	.874	.03816

a. Predictors: (Constant), Emas Dunia, Kurs, Indek Dow Jones

Source: Data processed by researchers

Table 9 above, shows that the value of the Adjusted R Square variable is 87.4%, which means that the effect of the independent variable (X) on the dependent variable (Y) is 87.4% while the remaining 12.6% is explained by other variables outside the model.

### Conclusion

In this study, we empirically examine the effect of the World Gold Price, Exchange Rate, and the Dow Jones Index on the Composite Stock Price Index. The data in this study uses secondary data obtained from IDX from 2019 to 2020. Hypothesis test results show that world gold prices have an influence on the monthly IHSG on the Indonesia Stock Exchange for the 2019-2021 period. This is because when the price of gold on the world market increases, people's interest in gold increases and vice versa, so

the increase in world gold prices will trigger movements in the stock exchange index in Indonesia. The exchange rate influences the monthly IHSB on the Indonesian Stock Exchange for the 2019-2021 period. In other words, when the rupiah exchange rate against foreign currencies strengthens, many investors will invest in the stock market, because this strengthening can indicate that the economy in a country is good. The Dow Jones index influences the monthly IHSB on the Indonesian Stock Exchange for the 2019-2021 period. This is because the Dow Jones is the largest index group in America and America is also a superpower and a destination country for Indonesia's exports. So American economic growth can encourage the Indonesian economy through export activities and inflows, both through direct investment and through the capital market. Investors should wait for the right time to invest in the stock market to make money. Policymakers have to make the right decision in determining the interest rate so that the exchange rate, gold prices, and Dow Jones Index will benefit the businesses to generate profit and, in the end, to increase the firm value, that is, the increase of stock price.

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#### Author Contribution

R Agustina – research and writing; M Ardiana – conceptualization and writing; DA Pertiwi – supervision; D Ervina – data curation; MA Muzakki – research and editing

#### Conflict of Interest

Authors declare no conflict of interest.

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