

Share Price Index Impact of Inflation, Bi Rate, Exchange, Total Currency, Dow Jones Index and Nikkei 225 Index

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Abstract

This study aims to determine the effect of inflation, BI rate, exchange rate, money number, Dow Jones index and Nikkei 225 index on the stock index. The data analysis technique used multiple regression analysis. This study uses a quantitative descriptive method with the object of research on telecommunications companies engaged in sectors listed on the IDX in 2009-2019. The sample selection method used purposive sampling technique. The results of the research simultaneously state that inflation, BI rate, exchange rate, money supply, Dow Jones index and Nikkei 225 index have a significant effect on the stock price index, while partially inflation, exchange rate, money supply, Dow Jones index, and The Nikkei 225 index has a significant effect on the stock price index in telecommunications subsector companies and the BI rate does not have a significant effect on the stock price index in the period telecommunications sub-sector companies listed on the IDX for the 2009-2019 period.

Keywords: Stock Price Index, Inflation, BI Rate, Exchange Rate, Money Supply, Dow Jones Index, Nikkei 225 Index.

Introduction

Shares are securities issued by companies in the form of limited liability companies or commonly referred to as issuers. Shares state that the owner of these shares is part owner of the company, thus if someone buys shares, he becomes the owner of the company (Sjahrial, 2012: 19). An indicator that shows the movement of stock prices in a period is called the Stock Price Index. This index serves as an indicator of market trends that describes market conditions at a certain time, which is useful as an important indicator for investors to determine buying and selling of shares. One of the sectors that support the Indonesian economy is the infrastructure, utility and transportation sector companies. Infrastructure has a positive multiplier impact on other economic sectors, including the telecommunications sub-sector. The infrastructure, utility and transportation sector indexes have decreased, but Head of Investment Research Utama Wawan Hendrayana (2019) said there are several issuers that still support the infrastructure sector, especially from the telecommunications sub-sector such as Telkom Indonesia (TLKM), Indosat Ooredoo (ISAT) and XL Axiata (EXCL). The occurrence of inflation has several effects on the economy, one of which is investing in stocks. High inflation has made potential investors reduce their interest in investing in companies listed on the Indonesia Stock Exchange, particularly stocks in the telecommunications subsector. On the other hand, inflation has continued to decline, this shows that investor interest in investing in stock investments is still high, but this has resulted in a decline in share prices in the telecommunications subsector. The BI Rate is the interest rate issued by the central bank to control the circulation of money in society. Too much

money circulating in society will result in a tendency to spend money, this can have an impact on rising prices of goods and this can lead to inflation (Permana, 2009). If interest rates increase, it will result in decreased company profits because credit interest expenses will increase. The higher interest rates resulted in decreased investor interest in buying shares and preferring to invest in banks in the form of deposits. This will lower the share price as the demand for stocks decreases. The interest rate refers to the BI Rate. The higher BI Rate will cause investors to switch investment from the capital market sector to the banking sector. The decline in investor interest in the capital market will lead to lower share prices. This theory is reinforced by the results of research conducted by Rumengan, Tommy and Taroreh (2015), whose results state that interest rates affect stock prices. In contrast to the results of research conducted by Handayani, Susyanti and Slamet (2018), it is stated that the interest rate has no effect on stock prices. The movement of the BI Rate interest rate during 2009 to 2020 has decreased and the average movement of the stock price of securities has also decreased. This shows that the BI Rate and the share price of the telecommunications subsector have experienced inconsistencies, the BI Rate should have decreased, so the stock price has increased. The sharp increase in the US Dollar Exchange Rate against the rupiah will have a negative impact on issuers that have debt in US dollars while the products of these items are sold locally. Meanwhile, listed companies that are oriented towards the export market will receive a positive impact from the increase in the US Dollar Exchange Rate. The company prospect is viewed from its performance process which is influenced by various uncontrollable macro variables. If there is fluctuation of the variable shift, it will be associated with an increase or decrease in stock market prices. One of these factors is the Money Supply. There are several world stock indices that have a major influence on the global capital market. Examples are the Dow Jones Index from the United States and the Nikkei 225 Index from Japan. When something happens to these two indices, the global capital market will feel the impact. When this index decreases, the stock index in other countries will also decrease. However, this is contrary to the case in this study, when the Dow Jones Index and the Nikkei 225 Index experienced an increase, but the telecommunications subsector's stock price decreased. The average value of the Nikkei 225 Index in the 2009-2019 period was 15126.50, with a standard deviation value of 5717.47. The infrastructure, utilities and transportation sector companies in the telecommunications sub-sector had the highest Nikkei 225 index value with a value of 23098.29 in the 2018 period, while the lowest Nikkei 225 index value was 7994.060, namely in the 2009 period.

Conceptual Framework

Stock Price Index

Shares are securities issued by a company in the form of a Limited Liability Company or commonly referred to as an issuer. Stock states that the owner of the shares is also a part owner of the company. Thus, if an investor buys shares, he becomes the owner or shareholder of the company. Hanafi (2012: 427) states shares are proof of ownership of a company. Shareholders earn income from dividends and capital gains. Gruber (2003:17) states common stock represent an ownership claim of the earning and asset of a corporation. After holders of debt claim are paid the management of the company can other pay out of the remaining earning to stockholders in the form of dividends or reinvest part of all the earning in the business. Block (2005:645) state that common stock represents the ownership interest of the firm. Common stockholder has the ultimate right to control the business. The stock price index is an indicator that shows stock price movements. The index serves as an indicator of market trends, meaning that the movement of the index describes market conditions at any one time, whether the market is active or sluggish. With the index, we can find out the

current trend of stock price movements, whether they are rising or falling. The index movement is an important indicator for investors to determine whether they will sell, hold, or buy a stock or several. Share prices are measured from the official day based on the last closing transaction on the exchange day. According to Ebert and Griffin (2000: 146), GDP is the value of all goods and services produced in one year by the economy of a nation using domestic production factors. GDP is not used as a research variable because the time series used in this study is quarterly. The unemployment rate is also not used in this study, because it is included in the inflation rate, besides that the current account is also ignored because it is included in the exchange rate as stated by Samuel: that exchange rate movements will continue until the capital account and current account return to an equilibrium position. The budget deficit is not used as a research variable because a budget deficit occurs when government expenditure is greater than tax revenue. If this budget deficit is covered by issuing bonds on the capital market, the stock price will automatically be affected. However, the budget deficit that occurred in Indonesia was covered by foreign debt so that there was no direct impact on share prices.

The Influence of Inflation on the Stock Price Index

Inflation is an economic condition in which prices generally experience a continuous increase over a long period of time. Inflation is the cause of the continuous decline in currency values. Inflation will only occur if there is an increase in many sectors. According to Fahmi (2014), inflation is a condition in which the value of the rupiah currency decreases and the amount of money circulating in society increases and goods increase systematically. Murni (2013) in her research results state that inflation is a condition in which an increase in the price level occurs over a long period of time or in other terms it occurs continuously. Inflation can be calculated using the consumer price index. Consumer Price Index aims to calculate the percentage of price increases that occur during certain periods. The inflation rate is where the state of the currency value of a country is in a state of rising and affects all economic aspects in that country. The influence of inflation plays an active role in the economy in Indonesia, usually this inflation factor is influenced by the country's macroeconomic factors, for example in Indonesia when the price of fuel oil rose in 2013, creating a fairly high inflation rate in Indonesia (BPS, 2013). Increasing inflation will affect the stock price index. The effect or relationship of inflation with stock prices according to Tandelilin (2001) is that a relatively high increase in inflation is a negative signal for investors or investors in the stock market. Inflation increases income and increases costs. If the increase in production costs is higher than the increase in income that can be enjoyed by the company, the company's profitability will decrease. An increase in inflation results in an increase in company revenue, but if the company's costs are greater than revenue, then profitability will decrease. The decline in company profitability will affect the stock price and dividends distributed. In companies that are losing money, their share price will decrease because the company's value has also decreased. The statement above is in line with the research of Regina Elliza Maharani (2018) which states that inflation has a significant effect on the Stock Price Index.

Effect of the BI Rate on the Stock Price Index

Interest is a payment made for the use of money. The interest rate is the price to be paid on loan capital, and dividends and capital gains that are the result of equity capital (Brigham, 2001: 158). The BI rate is a policy interest rate that reflects the attitude or signal of monetary policy set by Bank Indonesia and announced to the public. The BI rate is announced by the Board of Governors of Bank Indonesia at every monthly Board of Governors Meeting and implemented in the monetary operations conducted by Bank Indonesia through liquidity

management in the money market to achieve the operational targets of monetary policy. The operational targets for monetary policy are reflected in developments in the interest rates on the Interbank Overnight Money Market. It is hoped that the movement in the interbank money market rate will be followed by developments in deposit rates, and in turn bank lending rates. Siamat (2010: 139) states that the BI rate is an interest rate with a tenor of one month which is announced by Bank Indonesia periodically for a certain period of time which serves as a signal (stance) for monetary policy. According to Bank Indonesia the BI rate is The determined monetary policy interest rate that reflects the monetary policy stance or stance set by Bank Indonesia and announced to the public. Changes in the BI Rate indicate Bank Indonesia's assessment of future inflation forecasts against the inflation target set. Market players and the public will observe Bank Indonesia's assessment through strengthening and transparency that will be carried out, among others in the Monetary Policy Report which is submitted on a quarterly basis and a monthly press release. Monetary operations with the BI Rate are carried out through weekly auctions with a variable rate tender mechanism and multiple price allotments. (Siamat, 2010: 140). The interest rate expresses the rate of repayment of a loan or other investment, above the repayment agreement which is stated in a percentage determined by the bank. For banks, interest is the highest component of income. Most of the total income received by banks is derived from loan interest. Increasing the interest rate issued by Bank Indonesia as the government agency authorized to issue this policy will increase the deposit rate or loan interest rate from commercial banks. According to Tandelilin (2010: 184): Interest rates have a negative signal to stock prices because an increased interest rate will cause an increase in the interest rate indicated on investment in a stock. Increasing interest rates can also cause investors to withdraw their investment in stocks and transfer investment funds in the form of savings or deposits. High interest rates will lead to a high volume of public savings. High interest rates will have an impact on the soaring cost of company capital, so that companies will experience competition in their investment, meaning that investors are more likely to choose to invest in the money market for savings than in the capital market. People will prefer saving more than investing or consuming. The impact is that investors will be interested in saving their funds in the form of deposits rather than investing in stocks. Moreover, investment deposited itself is one type of risk-free investment. The transfer of funds by investors from the capital market to deposits will certainly result in a massive sale of shares which will lead to a decline in the stock price index. For the people themselves, a high interest rate means that the inflation rate in the country is quite high (Sunariyah, 2011: 105). This statement is supported by the results of research by Regina Elliza Maharani (2018) which states that the BI Rate has an effect on the Stock Price Index.

The Effect of Exchange Rates on the Stock Price Index

Exchange rate is the exchange rate of one currency against another. Exchange rates or exchange rates are usually used in transactions involving two or more countries. According to Ekananda (2014) Exchange rates are: the price of a currency relative to the currencies of other countries. The exchange rate plays an important role in spending decisions, because it allows us to translate prices from various countries into the same language. The exchange rate reflects the balance of supply and demand against both domestic and foreign currencies. The decline in the rupiah exchange rate reflects a decrease in public demand for the rupiah currency due to the decreasing role of the national economy or due to increased demand for foreign currency as an international means of payment. Changes in one macroeconomic variable have a different impact on various types of stocks, namely one stock can be positively affected while another stock can be negatively impacted by an increase in the

exchange rate. The sharp increase in the US Dollar Exchange Rate against the rupiah will have a negative impact on issuers that have debt in US dollars while the products of these items are sold locally. Export-oriented companies will receive a positive impact from the increase in the US Dollar Exchange Rate. So it can be interpreted that the stock price of items that are negatively impacted will experience a decline in the stock exchange, and those that are positively affected will experience an increase in their share prices (Samsul, 2006). This statement is in accordance with the results of research by Sandika Ichsan Arafat (2016) which states that exchange rates have an influence on the stock price index.

Effect of Money Supply on Stock Price Index

The money supply consists of currency and demand deposits, plus quasi money (Nilawati, 2000: 162). Currency is money issued by the government and / or the central bank in the form of banknotes or coins. Deposit money is money issued by a commercial bank. Examples of demand deposits are checks, bilyet giro. Quasi money includes savings, time deposits, and foreign currency accounts (Subagyo, 1997: 10). The basis for the theory of government spending is as follows: The national income equilibrium identity $Y = C + I + G + X - M$ is a "source of legitimacy" for the Keynesian view of the relevance of government intervention in the economy. Increase or decrease in government spending will increase or decrease national income. The government also needs to avoid increasing its role in the economy so that it does not weaken the activities of the private sector (Dumairy, 1996: 161-164). Foreign exchange reserves are stocks of foreign currency held which can be used at any time for international transactions or payments (Nilawati, 2000: 162). The position of a country's foreign exchange reserves is usually declared safe if it is sufficient for imports for a period of at least three months. If the foreign exchange reserves held are not sufficient for three months of import, then this is considered vulnerable. The money multiplier is part of the money creation process by commercial banks. There are several definitions of the money multiplier number, namely, the money multiplier number is part of the market process, namely the adjustment between the demand and supply of money (Nilawati, 2000: 162). According to Dornbush in Nilawati (2000) there are several ways to influence the money supply, one of which is the money multiplier coefficient. The value of the money multiplier coefficient depends on the value of the currency and bank reserves. The smaller the value of the ratio, the greater the coefficient of the money multiplier. A low currency value means that people prefer to keep their cash in the bank rather than at home. Furthermore, a low bank reserve value means more demand deposits can be created from each rupiah core currency the bank holds. If government spending increases, the money supply should also increase, because government spending is financed by the rupiah value. If the foreign exchange reserves increase, the money supply should also increase, because the existing foreign exchange reserves are usually spent on expenditures that same year and exchanged for rupiah currency. The relationship with the money multiplier number, namely the increase in the money multiplier rate affects the increase in the money supply (Nilawati, 2000: 159). The company prospect is viewed from its performance process which is influenced by various uncontrollable macro variables. If there is fluctuation of the variable shift, it will be associated with an increase or decrease in stock market prices. The level of interest rates has an influence on the process of activities in the stock exchange. This interest rate is also largely determined by the supply or demand for money (Kumalasari, 2016: 8-15). This affects investors' decision to invest. For example, in a securities instrument, its value may increase / decrease depending on the interest rate so that it allows securities holders to experience losses or gains. If the interest rate is high, the owners of money tend to save it in savings or deposits. Or vice versa, if the interest rate is low, it tends to choose the stock market. The relationship between interest rates and stocks

has a negative relationship (Novianto, 2011: 11). Another macro variable factor is the money supply. Nugroho (2008) argues in his research that the money supply has a significant effect on the stock market price index. This is because the money circulating in Indonesia has begun to be utilized by the public for investment in the capital market. This is in line with Erlangga Yudha Pratama's (2016) statement which states that the Money Supply has a significant effect on the Stock Price Index.

The Effect of the Dow Jones Index on the Stock Price Index

Dow Jones & Co was founded in 1882 by Charles Bergstresser. However, the first average index was not published in the Wall Street Journal but rather competed against, namely Customers' Afternoon Letter. Initially it did not include industrial shares. Focus on growth stocks at that time, the majority of shares of transportation companies. This means that the Dow Jones index first counts nine shares of railways, shipping and telecommunications companies. This share price average eventually evolved into a transportation average. Until May 26, 1896, the Dow was divided into the transportation and industrial indices, which created what we know as the Dow Jones Industrial Averages. Initially, in 1896 there were 12 companies registered in the DJIA (Dow Jones Industrial Average). This number was increased to 20 companies in 1916, and finally to 30 companies from 1928 until now. The determination of which companies to include and exclude from the Dow Jones Industrial Average (DJIA) is determined by the editors of The Wall Street Journal. Companies that are included in the DJIA include: 3M, American International Group, Boeing, Citigroup, General Electric, Intel, Microsoft, Walt Disney Company, and so on. (www.bisnisindex.com)

The Dow Jones Industrial Average (DJIA) is a market index founded by the editor of The Wall Street Journal and founder of Dow Jones & Company, Charles Dow. The Dow created this index as a way of measuring the performance of industrial components on the American stock market. Currently, the DJIA is the oldest running US market index. Today, this stock exchange is made up of the 30 largest companies in the United States that have already gone widely public. Initially in 1896 there were 12 companies registered with the DJIA. The number of stock exchange memberships was then expanded to 20 in 1916 and finally to 30 companies from 1928 until now. In general, stock price indicators in the USA are the DJIA, Standard & Poor's Composite, The New York Stock Exchange Composite index, The American Stock Exchange Market Value Index, The NASDAQ Composite. Nachrowi and Usman (2007: 80), the influence of Dow Jones on the JCI, indirectly illustrates how strong the influence of the economic performance of the two countries is on Indonesia. When America has a good performance, Indonesia will also enjoy that performance. But when both of them have a bad performance, it will also have a bad impact on Indonesia. In the US capital market there are three main stock market indices. These stock indices are the Dow Jones Industrial Average, Nasdaq Composite and the Standard & Poor 500. Overall these three indices function as the Security Market Indicator Series (SMIS). These three indices provide basic signals on how a particular market is performing at any given time, of which the Dow Jones Industrial Average (DJIA) is the most published and discussed. The Dow Jones index is the largest stock index on average in the world, therefore the movement of the Dow Jones index can affect almost all world stock indices including the JCI. The effect of the Dow Jones index on the Stock Price Index in Indonesia is estimated to be positive in the sense that an increase in the Dow Jones index will result in an increase in the Indonesian Stock Price Index on the Indonesia Stock Exchange, this is due to positive sentiment from investors regarding world economic conditions. This is in line with the results of research conducted by Sandika Ichsan Arafat (2016) which states that the Dow Jones Index affects the Stock Price Index.

The Effect of the Nikkei 225 Index on the Stock Price Index

The Nikkei 225 is a stock market index in Japan consisting of 225 blue-chip stocks that are listed on the Tokyo stock exchange as an index measuring stock price movements. The method of calculating the Nikkei 225 index uses the Weighted Averaged Method as well as the Dow Jones calculation. This index has been calculated daily by the Nihon Keizai Shimbun (Nikkei) newspaper since 1950. It is a price-weighted average; its components are reviewed once a year. Currently the Nikkei is the most quoted index of Japanese equities, as is the Dow Jones Industrial Average in the United States. Even in the past, between 1975-1985, the Nikkei 225 was known as the "Dow Jones Nikkei Stock Average. Companies listed on the Nikkei 225 Index are large companies that have operated globally, including in Indonesia. The increase in the Nikkei 225 Index means that Japan's economic performance has also improved. As one of Indonesia's export destination countries, Japan's economic growth can boost Indonesia's economic growth through export activities and capital inflows, both direct investment and through the capital market. Nachrowi and Usman (2007; 80) state that the influence of the Nikkei on the JCI indirectly provides an illustration of how strong the influence of the economic performance of the two countries is on Indonesia. Mansur (2006: 217) explains that the Nikkei 225 index has a significant effect on the composite stock price index.

Research Hypothesis

- H₁ : Inflation, BI Rate, Exchange Rate, Money Supply, Dow Jones Index and Nikkei 225 Index affect the Stock Price Index
- H₂ : Inflation affects the Stock Price Index
- H₃ : BI Rate affects the Stock Price Index
- H₄ : Exchange rate affects the Stock Price Index
- H₅ : The Money Supply has an effect on the Stock Price Index
- H₆ : The Dow Jones Index affects the Stock Price Index

Research Methods

The method used in this research is descriptive quantitative. The research method according to Sugiyono (2014) is defined as a scientific way to obtain data with specific purposes and uses. The research method is a scientific way of obtaining valid data with the aim of being able to find, prove, and develop knowledge so that in turn it can be used to understand, solve, and anticipate problems in business.

Results and Discussion

Multiple Regression Model

The results of data processing using multiple regression models are as follows:

Table 1. Multiple Regression Model, t Test and Probability

Dependent Variable: IHSS
 Method: Least Squares
 Date: 04/04/20 Time: 09:17
 Sample: 2009 2019
 Included observations: 11

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|--------------------|-------------|-----------------------|-------------|----------|
| C | 5597.815 | 511.5700 | 10.94242 | 0.0004 |
| INFLASI | -11707.97 | 3907.510 | -2.996274 | 0.0401 |
| BI_RATE | 7662.648 | 7624.739 | 1.004972 | 0.3718 |
| KURS | -0.323139 | 0.060795 | -5.315196 | 0.0060 |
| JML_UANG_BEREDAR | 0.000519 | 0.000102 | 5.107088 | 0.0069 |
| DOW_JONES | -0.124055 | 0.023591 | -5.258589 | 0.0063 |
| NIKKEI_225 | 0.075536 | 0.026762 | 2.822557 | 0.0477 |
| R-squared | 0.954433 | Mean dependent var | | 2834.773 |
| Adjusted R-squared | 0.886082 | S.D. dependent var | | 465.0712 |
| S.E. of regression | 156.9696 | Akaike info criterion | | 13.21111 |
| Sum squared resid | 98557.81 | Schwarz criterion | | 13.46431 |
| Log likelihood | -65.66109 | Hannan-Quinn criter. | | 13.05150 |
| F-statistic | 13.96375 | Durbin-Watson stat | | 2.495851 |
| Prob(F-statistic) | 0.011714 | | | |

Source: Results of Data Processing (2020)

$$IHSS = 5597,815 - 11707,97 X_1 + 7662,648 X_2 - 0,323139 X_3 + 0,000519 X_4 - 0,124055 X_5 + 0,075536 X_6$$

Regression Equations

1. The constant value is stated at 5597,815 which means that when the variables of inflation, BI Rate, Exchange rate, money supply, the Dow Jones Index and the Nikkei 225 Index have a value of 0, it means that the stock price index for the telecommunications subsector is 5597.815%.
2. Inflation has a negative effect on the Telecommunication Subsector Stock Price Index as evidenced by the regression coefficient value of -11707.97. This shows that when the inflation rate decreases by 1%, it will be accompanied by an increase in the Telecommunication Subsector Stock Price Index by 11707.97, but other variables are not affected.
3. The BI Rate has a positive effect on the Telecommunication Subsector Stock Price Index as evidenced by the regression coefficient value of 7662,648, meaning that when the BI Rate value increases by 1% it will cause the Telecommunications Subsector Stock Price Index to increase by 7662,648% but other variables are not affected.
4. Exchange rate has a negative effect on the Telecommunication Subsector Stock Price Index as evidenced by the regression coefficient of -0.323139, which means that when the exchange rate increases by 1%, there will be a decrease of 0.323139% in the Telecommunication Subsector Stock Price Index but other variables are not affected.
5. The money supply has a positive effect on the Telecommunication Subsector Stock Price Index as evidenced by the regression coefficient value of 0.000519, meaning that when the inflation rate increases by 1% there will be a Telecommunication Subsector Stock Price Index of 0.000519% but other variables are not affected.
6. The Dow Jones Index has a negative effect on the Telecommunication Subsector Stock Price Index as evidenced by the regression coefficient value of -0.124055 which means that when the Dow Jones Index value increases by 1%, the Telecommunications Subsector Stock Price Index will decrease by 0.124055% but other variables do not. Affected.
7. The Nikkei 225 index has a positive effect on the Telecommunication Subsector Stock

Price Index as evidenced by the regression coefficient value of 0.075536, which means that when there is an increase in the exchange rate of 1%, the Telecommunication Subsector Stock Price Index will increase by 0.075536% but other variables are not affected.

Discussion Results

Effect of Inflation, BI Rate, Exchange Rate, Money Supply, Dow Jones Index and Nikkei 225 Index on Stock Price Index

Based on the results of the F test, it can be concluded that inflation, BI Rate, Exchange Rate, Money Supply, Dow Jones Index and Nikkei 225 Index simultaneously have a significant effect on the Telecommunication Subsector Stock Price Index. This is evidenced by the results which show that the probability F statistic is $0.012 < \alpha (0.05)$.

The Influence of Inflation on the Stock Price Index

The results of data processing show that there is a correlation between inflation and the Telecommunication Subsector Stock Price Index of -0.1704. This shows that the relationship between the two is very weak. The results of the f test indicate that these two variables simultaneously influence each other. The t test states that partially the inflation variable has a significant effect on the Telecommunication Subsector Stock Price Index. Samsul (2006) states that the inflation rate can have a positive or negative effect depending on the degree of inflation itself. High inflation can drop stock prices in the market, while very low inflation will result in very sluggish economic growth, and in the end, stock prices will also move slowly. When the inflation rate in Indonesia is high, it will make the prices of domestic products more expensive and purchasing power will decrease. This can lead to an increase in the money supply (Yulianti and Prasetyo, 2005). This condition makes investors tend to divert their funds to other investment alternatives that are more profitable, for example deposits or government securities, thus there will be an increase in selling action and the lack of demand for shares will lower the stock price or vice versa. Inflation has a negative correlation with stock prices. This makes investors tend to divert their funds to other investment alternatives that are more profitable, such as deposits or government securities, thus there will be an increase in selling action and the lack of demand for shares will lower the stock price or vice versa. Inflation has a negative correlation with stock prices. Regina Elliza Maharani's research results (2018) state that inflation has an influence on stock prices. However, it is different from research conducted by Erlangga Yudha Utama (2016) which states that inflation has no effect on the IHSG on the Indonesia Stock Exchange.

Effect of the BI Rate on the Stock Price Index

Hypothesis test results state that the BI Rate has a correlation with the Telecommunication Subsector Stock Price Index of 0.0592. This means that it has a positive effect. The f test shows that the BI Rate simultaneously affects the Telecommunication Subsector Stock Price Index. While the t test shows that partially the BI Rate variable does not have a significant effect on the Telecommunication Subsector Stock Price Index. The BI rate is a benchmark for investors to estimate bank interest rates such as deposit rates or lending rates. If the BI rate rises, the return on investment related to interest rates such as deposits will increase. This condition attracts investors to move funds from stocks to deposits. If most of the investors take the same action, many investors will sell shares to invest in deposits which will cause the stock price to fall. This is because many investors prefer to invest in deposits because the interest offered by banks is higher than investing in risky stocks. When the BI rate is lowered,

the deposit rate will also decrease. So that investors will look for alternatives that provide a higher investment return than deposits, namely stocks. As a result, there is a large demand for stocks which causes stock prices to rise. Increasing stock prices will also increase the number of returns to investors in the form of capital gains which are quite attractive to investors. The results of the study stated that the BI Rate had no effect on the Telecommunication Subsector Stock Price Index. This result is not in line with the research conducted by Ruhul Ayu Lestari (2015) which states that there is a negative and significant effect between the BI Rate on the Composite Stock Price Index.

The Effect of Exchange Rates on the Stock Price Index

The results showed that the exchange rate has a correlation with the Telecommunication Subsector Stock Price Index of -0.4665. This means stating that the relationship between the two is negative is strong enough. The results of the F test, the exchange rate is stated to have a significant effect on the Telecommunication Subsector Stock Price Index. While the t test shows that the exchange rate variable partially has a significant effect on the Telecommunication Subsector Stock Price Index for the period 2009-2019. Hasolan stated (2014,193) Foreign exchange rates or foreign currency rates show the price or value of a country's currency which is expressed in the value of a foreign currency. This means that the foreign exchange rate is a representation of the amount of domestic money needed. A sharp increase in the exchange rate against the rupiah will have a negative impact on issuers that have debt in dollars while the products of these companies are sold locally. The results of research by Sandika Ichsan Arafat (2016) state that there is a relationship between exchange rates and the Composite Stock Price Index on the Indonesia Stock Exchange.

Effect of Money Supply on Stock Price Index

The result of the research states that the money supply has a correlation with the Telecommunication Subsector Stock Price Index of -0.1596. This indicates that the relationship between the two is negative. The result of the research simultaneously states that the money supply has a significant effect on the Telecommunication Subsector Stock Price Index. Partially, the money supply has a significant effect on the Telecommunication Subsector Stock Price Index for the period 2009-2019. Policies that can be carried out by the government of a country, namely fiscal policy and monetary policy. The two policies are interrelated and cannot be separated. Fiscal policy discusses government policy to change its expenditure and revenue from taxes, while monetary policy refers to changes in the money supply that affect interest rates and subsequently affect the level of investment. The results of research by Haryanto and Chen (2014) state that the amount of money in circulation has a positive effect on the JCI, which states that an increase in the money supply affects the JCI. The higher the money supply, the lower the interest rate and the JCI will rise so the market will be bullish.

The Effect of the Dow Jones Index on the Stock Price Index

The correlation test shows that the Dow Jones Index has a correlation with the Telecommunication Subsector Stock Price Index of -0.4613. This means stating that the relationship between the two is negative. Based on the results of the F test, the Dow Jones Index simultaneously has a significant effect on the Telecommunication Subsector Stock Price Index. The t test shows that the Dow Jones Index variable partially has a significant negative effect on the Telecommunications Subsector Stock Price Index for the period 2009-2019. The results of this study are different from research by Nachrowi and Usman (2007: 80) which states that the Dow Jones Index affects the Composite Stock Price Index. When

America has a good performance, Indonesia will also enjoy that performance. But when both of them have a bad performance, it will also have a bad impact on Indonesia. This is also different from the results of research conducted by Ruhul Ayu Lestari (2015) which states that the Dow Jones Index has a significant positive effect on the JCI. The existence of a negative influence by the Dow Jones on the IHSS in this research case is suspected because in 2018 there was a significant increase in the Dow Jones but the stock price decreased.

The Effect of the Nikkei 225 Index on the Stock Price Index

Correlation test results show that the Nikkei 225 Index has a correlation with the Telecommunication Subsector Stock Price Index of -0.3296. This means stating that the relationship between the two is negative is strong enough. engender Nikkei 225 Index to the Stock Price Index. The results of the research simultaneously state that the Nikkei 225 Index has a significant effect on the Telecommunication Subsector Stock Price Index. While the t test shows that the Nikkei 225 Index variable has a significant effect on the Telecommunication Subsector Stock Price Index for the period 2009-2019. Yuono's research (2011) states that the Nikkei 225 Index is an index of legal trading in Japan. The relationship between Japan and Indonesia can be said to be very strong. This is due to economic activity, especially from the export side. Japan is Indonesia's largest export destination country. Japan is the number one consumer of energy material exports such as oil and coal originating from Indonesia. Companies listed on the Nikkei 225 Index are large companies that have operated globally, including in Indonesia. The increase in the Nikkei 225 Index means that the performance of the Japanese economy has also improved. As one of Indonesia's export destinations, Japan's economic growth can boost Indonesia's economic growth through export activities and capital inflows, both direct investment and through the capital market (Sunariyah, 2006). Karim, et al. (2009) stated that the Indonesian capital market has been integrated with the world capital market. This has a consequence that the movement of Indonesia's capital market will be influenced by movements in the world capital market, either directly or indirectly (Samsul, 2008). The results of this study are in line with research conducted by Witjaksono (2010) which shows that the Nikkei 225 Index has a positive and significant effect on the JCI. However, this is not in line with research conducted by Ruhul Ayu Lestari (2015) which states that the Nikkei 225 Index does not have a significant effect on the Composite Stock Price Index.

Conclusion

1. Inflation, BI rate, exchange rate, money supply, Dow Jones Index and Nikkei 225 Index simultaneously affect the stock price index of the telecommunications subsector companies listed on the IDX for the 2009-2019 period.
2. Inflation has a significant effect on the stock price index of the telecommunications subsector companies listed on the IDX for the 2009-2019 period.
3. The BI Rate has no significant effect on the stock price index of the telecommunications subsector companies listed on the IDX for the 2009-2019 period.
4. Exchange rate has a significant effect on the stock price index of the telecommunications subsector companies listed on the IDX for the 2009-2019 period.
5. The money supply has a significant effect on the stock price index of the telecommunications subsector companies listed on the IDX for the 2009-2019 period.
6. Dow Jones index has a significant effect on the stock price index of the telecommunications subsector companies listed on the IDX for the 2009-2019 period.
7. The Nikkei 225 Index has a significant effect on the stock price index of the telecommunications subsector companies listed on the IDX for the 2009-2019 period.

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