



Factors Affecting the Composite Stock Price Index during Covid-19 Pandemic Crisis

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Abstract

This paper aims to analyze factors affecting the Composite Stock Price Index (IHSG) on the Jakarta Stock Exchange (IDX) during the Pademi Corona Crisis. This study uses the multiple linear regression analysis technique where the variable number of confirmed Covid-19 cases in the world, the number of confirmed Covid-19 cases in Indonesia, the Rupiah exchange rate per 1 US dollar, and the world crude oil price are used as independent variables (X) and the IHSG as the dependent variable (Y), the data used in this study are weekly time series data from the period December 2019 to September 2020. Based on the results of variable regression between the IHSG, Exchange Rates, Oil Prices, cases of COVID-19 in Indonesia and COVID-19 World, It is concluded that collectively the independent variables have a significant effect on the IHSG. Partially, Oil Prices, COVID-19 cases in Indonesia and COVID-19 cases in the world have a significant effect on the IHSG. Meanwhile, the exchange rate has no significant effect on the IHSG.

Key words : Composite Stock Price Index, Covid 19, Exchange Rates, World Oil Prices

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INTRODUCTION

The consequences of the era of globalization will have major implications for the development of the Indonesian economy, where every pillar of the national economy will be affected by events from the international economy and vice versa. The goods market, money market and domestic capital market are increasingly integrated with the goods market, money market and international capital market. Therefore, Indonesia needs to take maximum benefits and minimize the negative impacts that may arise as a result of this.

The capital market is seen as an effective means of accelerating the development of a country. It is possible because the capital market is a vehicle for mobilizing long-term funds from the public to be linked into productive sectors. (Panji Anoraga and Ninik Widiyanti, 1995: 2) The role of the capital market for development is that it can boost the rate of economic growth, encourage investment, create jobs, reduce unemployment in the community, and can help reduce the burden on the government's development financing budget.

In this way, economic development can further encourage the growth of specialization in the financial sector which in turn supports the progress of other sectors such as agriculture, mining, industry, trade and services. Therefore, the progress of the financial sector in general and the capital market in particular has become an indicator in measuring the economic development of a country. In Indonesia, the capital market has become a very important financial entity in the national economy. The current development of the Indonesia Stock Exchange (IDX) has made it the largest capital market in Asia, especially in Southeast Asia, which is reflected in the high

growth rate of the Composite Stock Price Index (IHSG) since the 1998 monetary crisis, but due to Pandemi Covid 19 which has occurred since the end of 2019, IHSG has been corrected by 37.49% which is the deepest decline compared to other domestic exchanges due to the selling action of investors.

Various previous studies have discussed the effect of exchange rates and stock prices, stated by Zarei et al (2019), Yuliana (2007), and Martianingsih (2012) that exchange rates significantly affect stock prices. Meanwhile, Gumilang & Endang (2014) stated that stock prices are influenced by world oil prices and gold prices. The covid-19 affects stock prices in China negatively as stated by Awadhi et al (2020).

The first cases of COVID-19 sufferers were found in Indonesia, the Indonesian capital market has experienced shocks. President Joko Widodo announced the first positive case of COVID-19 on March 2, 2020, consisting of 2 people. On that day, IHSG closed 91 points (1.67%) at the level of 5,361. At that time, the IHSG was in decline. However, news of the entry of COVID-19 into Indonesia directly infected the capital market. So that, This research is important to see the impact of the Covid-19 pandemic both in the world and in Indonesia on stock prices in Indonesia.

METHOD

This research concerns on the influence of the number of confirmed Covid 19 cases in the world, the number of confirmed Covid 19 cases in Indonesia, the Rupiah exchange rate per 1 US Dollar, and the world crude oil price are used as the independent variable (X) on the IHSG as the dependent variable (Y). The data used in this study is time series data from the period November 2019-September 2020.

The data analysis used in this research is quantitative analysis using multiple linear

regression model with OLS (Ordinary Least Square) general model multiple regression, with the equations:

$$IHSG_t = \alpha_0 + \beta_1 CovW_t + \beta_2 CovI_t + \beta_3 ExchangeRate_t + \beta_4 POil_t + \varepsilon_t \quad (1)$$

Where α_0 is Constant; IHSG is Composite Stock Price Index; CovW is The Covid-19 confirmed cases in the world; CovI is The Covid-19 case was confirmed in Indonesia; ExchangeRate is Rupiah exchange rate per 1 US Dollar; POil is World Oil Prices; ε is term error; and $\beta_1, \beta_2, \beta_3, \beta_4$ are elasticity parameters.

RESULTS AND DISCUSSION

Figure 1 shows that the relationship between the COVID-19 value variable in the world and the IHSG variable appears to have a negative trend during the study period. It suggests confirms Al-Awadhi et al (2020) result that the COVID-19 pandemic significantly impaired stock market performance. It is also supported by the results of research Anh LT & Gan (2020) in Vietnam which shows an increase in numbers the COVID-19 case in Vietnam had a negative impact on the stock market. The period November 2019-December 2019 recorded cases of Covid-19 in the world.

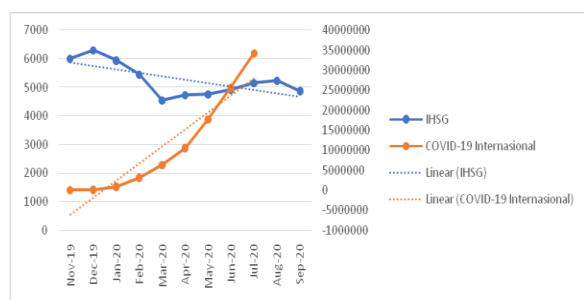


Figure 1. Development of IHSG and COVID-19 in the World

In December 2019, China informed the WHO (World Health Organization) about an unusual pneumonia case in Wuhan. As health experts work to identify the virus

amid growing concerns, the number of infections has exceeded 40. However, if you look at the IHSG variable chart until December 2019, it is recorded that it has experienced fluctuations that are not caused by the emergence of Covid-19 in the world. Even in December 2019, IHSG's performance was quite good, with a position strengthening by 5.28%. The cause of the improvement in the IHSG was the phenomenon of the Santa Claus Rally and window dressing that occurred until the end of December 2019 and entering January 2020. This is because this outbreak has not become a top priority that must be considered by WHO (World Health Organization) because there are no cases of transmission outside China.

However, entering the January 2020 period, until January 24, 2020, the number of deaths due to Covid-19 in China jumped to 26 people with more than 830 infected. On January 30, 2020, WHO declared that the Coronavirus was a global emergency as the cause of the increase in the number of deaths in China which had jumped to 170 people with a total of 7,711 confirmed cases. This virus has begun to spread in various parts of the world, namely India, the Philippines, Thailand, Russia, Spain, Sweden, Japan, England. Since the announcement, the IHSG has been under pressure so that it has decreased compared to the previous period. The uncertainty that occurs due to the outbreak of the Covid-19 case in the world causes investors to tend not to invest due to economic uncertainty, and according to research from Standard & Poor's (S&P) states that the Corona virus has caused economic growth to fall by up to 1.2%. If China's economy slows down, the world economy will also be disrupted, including Indonesia. This is because China is one of the largest real sector investors in Indonesia. According to data published by BPKPM, the value of foreign investment from China in 2019 was valued at USD 4.7 billion or

equivalent to 16.8% of the total Indonesian PMA in that period.

In February this virus was still increasing and more and more spreading to all parts of the world. On February 14, France reported the first death caused by COVID-19. Until the 18th week to be precise on February 18th, the number of Chinese daily confirmed cases fell for the first time since January with under 2000 confirmed cases. However, on February 22, 2020, South Korea saw the largest increase in cases in one day, namely 229 new cases. This month, the COVID-19 virus has spread to various continents and has contributed to death cases in each country and this number continues to grow every day. This increase based on the Figure on the bag was also followed by a decline in the IHSG, recorded in early February IHSG trading started with the IHSG weakening to the level of 5,884.17 or 0.94% and at the end of the fourth week of February it closed down 82.99 points or by 1.5% to the level 5,452.7. The decline in the IHSG that occurred was in line with global stock exchanges that were corrected due to the spread of the Covid-19 epidemic. Negative sentiment about the spread of the Corona virus which is increasingly widespread to various countries un-except IHSG

Until the beginning of the first week of May, the IHSG was recorded to have decreased by more than 2%, this was due to the trade war tension between the United States and China which was caused by the threat of the US President to impose import tariffs on China due to China's poor handling of the Corona Virus and continues an increase in confirmed cases of Covid-19 in the world.

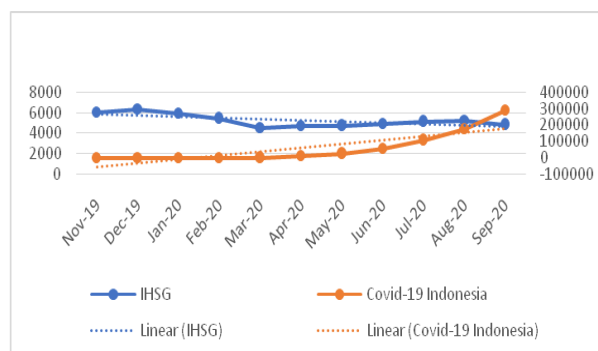


Figure 2. The Development of IHSG and COVID-19 in Indonesia

Figureically during this research period, it can be seen that the relationship between Covid and IHSG is negative. Since the first cases of COVID-19 sufferers were found in Indonesia, the Indonesian capital market has experienced shocks. President Joko Widodo announced the first positive case of COVID-19 on March 2, 2020, consisting of 2 people. On that day, IHSG closed 91 points (1.67%) at the level of 5,361. At that time, the IHSG was in decline. However, news of the entry of COVID-19 into Indonesia directly infected the capital market. The IHSG was previously in a downward trend which was also influenced by negative sentiment from the CoronaOVID-19 virus which was spreading so fast in China. As a country with a sizeable economy, China certainly has a significant influence on the world economy.

IHSG continues to decline with a quite severe decline. In trading on March 9, 2020, for example, the IHSG closed down by 6.5% to the level of 5,136. A very rare event the IHSG could drop deeply. Unless in serious circumstances such as an economic crisis. This situation prompted the capital market regulators and supervisors to take an action. On March 10, 2020 the Indonesia Stock Exchange (IDX) announced the implementation of the trading stop or trading halt policy.

Apart from halt trading, the IDX and the OJK have implemented various policies aimed at preventing panic in the market. The policies implemented include changing the lower limit rule for stock auto rejection from 10% to 7%. This means that when a stock has fallen 7% in a day, it cannot be traded anymore. This policy is implemented to withstand the wave of stock selling as a result of market panic.

In the picture above, the trend from the IHSG chart tends to decline and the COVID-19 chart trend tends to increase. At the end of 2019 to the first quarter of 2020, the IHSG experienced a decline due to the spread of the COVID-19 virus in the world, especially China, which caused economic growth to decline by 1.2%. If China's economy slows down, the world economy will also be disrupted, including Indonesia. This is because China is one of the largest real sector investors in Indonesia.

Until April 2020, the IHSG had increased by 1.67% or as much as 75 points to the level of 4,698.47. This is due to the strengthening of the price of WTI Crude Oil, besides the strengthening of the Rupiah against the US dollar. The condition of exchange rate appreciation causes lower prices for production inputs which mostly consist of imported goods, this will reduce production costs. When production costs have decreased, it can encourage an increase in investment which in turn can increase the profits obtained by investors. The increase in the IHSG was also followed by an increase in the number of confirmed cases of COVID-19 in Indonesia. The increase in COVID-19 cases is due to the fact that many people have undergone mass tests given by the community, so that the number of people infected is increasingly clear.

All methods have been issued by the government that aim to reduce the spread of

COVID-19, but the number of COVID-19 cases continues to grow every day. Including the PSBB, one of the policies issued by the government to slow down the chain of spread of COVID-19. However, this policy has pros and cons. The PSBB policy caused many companies to be forced to impose layoff policies on their employees to avoid further losses. This has resulted in a decline in people's purchasing power and has led to a sluggish economy.

Finally, on May 25, the government implemented the New Normal policy which was carried out gradually (per week) until the end of July to stimulate the economy. The New Normal Policy is a scenario designed by the government as a process of accelerating the process of handling COVID-19 cases in the health and socio-economic aspects, such as starting to reopen the industrial, service, education and other sectors.

However, as this policy is implemented, COVID-19 cases continue to increase and even higher. It can be seen from the Figureic image above that the growth of COVID-19 cases continues to increase from time to time. DKI Jakarta is the largest provider of confirmed COVID-19 cases followed by East Java. Another cause of the continued increase in the spread of COVID-19 is that the community has not maximally implemented health protocols.

The number of COVID-19 cases has exceeded 3,000 cases as of September 2020, this number has jumped from the previous months. Apart from nationally, the addition of cases has also jumped drastically in DKI Jakarta. DKI Governor Anies Baswedan said the number of positive cases in September had increased by 19 to 49% until DKI itself returned to implementing PSBB Volume II. The IHSG figure in September 2020 has decreased. The negative sentiment towards the increase in the Covid-19 case in Indonesia is driving the stock market to

move down. This is in line with research conducted by Abdullah M. Al Awadhi (2020) regarding the influence of the COVID-19 virus in China on the IHSG in China where the results of his research state that the COVID-19 case has a significant negative effect on the IHSG in China. In addition, on the global market, banking stocks experienced a decline due to the decline in bond yields as a result of the dovish action of the Fed which maintained interest rates, two factors that caused the IHSG to weaken at the beginning of the first week of September.

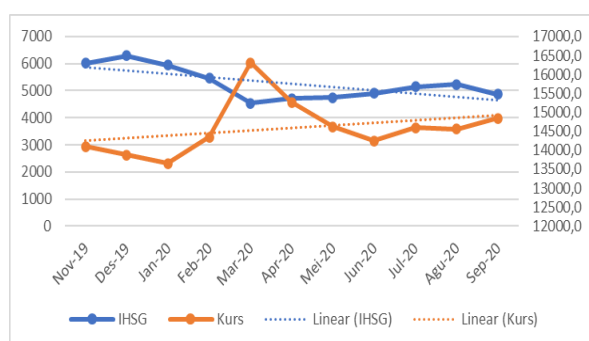


Figure 3. Development of IHSG and Kurs

The Figure above shows that the variable exchange rate of USD/ IDR with the IHSG variable shows fluctuation. The USD/ IDR exchange rate variable affected the IHSG variable throughout the November 2019-September 2020 period but was not very significant, by analyzing the exchange rate changes that affected the IHSG before the Corona outbreak and after the outbreak occurred. At the time before the Corona pandemic, which began in November, where at the end of the November period it was recorded that it opened weakening to the level of IDR 14,085 per US dollar. The weakening of the Rupiah was caused by the turmoil in the trade war between the US and China as well as the turmoil that occurred in Hong Kong where the US supported the country's bill. This has made the last few trades profitable for risky assets so that the Rupiah is under pressure. Investors will be

worried about a trade war that will exacerbate the projected global economic slowdown, including Indonesia, which is reflected in the weakening IHSG position in the stock market. In addition, there is no positive domestic sentiment, namely by releasing economic growth data in the third quarter of 2019. During the quarter, it was noted that the Indonesian economy only grew by 5.01% (yoy). This is also supported by household consumption which contributed 55.7%, which means that during the quarter, people's purchasing power was recorded in a weak position. Inflation itself was recorded at 3.31% (yoy). Furthermore, in addition to household consumption, Gross Fixed Capital Formation (PMBTP) or investment also experienced a decline by 32.3% of the total Indonesian economy and a 5% decline in Q3 2019, which was the cause of the pressure on the Rupiah. Exchange rate movements that are caused by fundamental and non-fundamental factors, such as economic growth, inflation rates, export-import developments, market sentiment on socio-political developments, expectations of market players in calculating information, or other developments (Rossenberg, Michael R. 2003).

The pressure that comes from the fluctuation of the trade war between China and negative market sentiment towards the state of the Indonesian economy which causes the rupiah to depreciate makes it risky for investors so that they tend to be worried about investing because the rate of return or profit that can be decreased is reflected from the decline in the IHSG in the stock market. This is in line with the demand theory for a form of wealth, when the exchange rate depreciates it will cause a decrease in public confidence in the domestic currency as a consequence of holding the domestic currency, the risk will be high.

February 2020 marks the beginning of the month for the outbreak of Covid-19 in Indonesia. During that period, the Rupiah

exchange rate depreciated by penetrating IDR 14,030 / USD. The weakening occurred due to a sell-off on the domestic financial market, in which the yield of Government Securities (SUN) with a tenor of 10 years rose to 11.8 basis points to 6.7%. At that time, the condition of the yield movement was inversely proportional to the SUN price. When the yield went up, the price was falling at that time. If there is an increase in yield, it indicates that there is a sell-off in the bond market as well as the recorded case of Covid-19 in Indonesia, which causes the IHSG to drop 2.69%. This situation shows that investors will tend to choose to shift their investment to a form of investment that is more profitable and avoids greater risk. This is in line with Prof. Milton Friedman on the theory of choosing the form of wealth, namely cash, bonds, stocks or equity, physical goods (not human), human wealth (human capital). Friedman considers that the Marginal Rate of Substitution of an asset against other assets decreases as the amount of the asset is held. The meaning of this statement is in line with the depreciating exchange rate due to the increase in the price of Government Securities (SUN) and the increase in transactions on the bond market that are more profitable than holding the domestic currency so that demand for domestic money will decline. The increase in prices and transactions of SUN and the Covid-19 case in Indonesia for the first time as a cause of depreciation, the exchange rate causes investors to tend not to invest in stocks such as the IHSG because the level of profit earned is not as big as holding bonds, so the IHSG at the end of the February period 2020 has decreased, although not too much, but it is still larger than the January 2020 period as seen in the chart above.

However, things are getting better again, where in the course of April the Rupiah has strengthened, entering the first

Sunday of April it was recorded on the trading exchange rate of IDR 16,492, and the buying rate is IDR 16,327 and the middle rate is IDR 16,410 / USD. This condition was supported by the tight monitoring implemented by Bank Indonesia on the spot market, Domestic Non-Deliverable Forwards (DNDF) and purchases of government bonds on the secondary market as well as growing positive sentiment towards the decline in the death rate of Covid-19 cases in Indonesia. The closing of the end of April recorded the highest growth in Asia, surging by 414 points or 2.70% to the level of IDR 14,881 / USD. This was supported by the increasingly optimistic domestic fundamentals followed by a weakening of the US dollar by 0.07% to 99.499. The more optimistic domestic fundamentals have an impact on the investment market in the foreign exchange market and bonds and stocks, which is reflected in the strengthening of the IHSG position of 75 points to a level of 4,698.47 or an increase of 1.65%, meaning that there is an increase in the flow of foreign capital into Indonesia or capital inflow. The exchange rate appreciation that occurs will result in lower prices for production inputs, most of which consist of imported goods, thus reducing production costs. When production costs decrease, it will encourage an increase in investment because of the increasing profits that will be obtained by investors. This statement is also supported by the empirical results, namely the significant influence exerted by the US dollar exchange rate and the direction of the effect is positive, meaning that when there is an appreciation of the rupiah, it will increase the increase in the IHSG (Muhammad Mahdi, 2009).

The period from June 2020 to September 2020 recorded an increase in the exchange rate or being in a position of appreciation with an exchange rate of approximately IDR 14,000 when compared to the previous period. The increase was also followed by an increase in the

IHSG, which is reflected in the chart above. The strengthening of the exchange rate was supported by the weakening of the US dollar and The Fed which still refrained from raising its benchmark interest rate so that it would encourage investors to place their funds in developing countries with great opportunities such as Indonesia, in this case the IHSG, in addition to That is, the Rupiah exchange rate against the dollar will also appreciate, thereby strengthening the Indonesian stock market and the Indonesian economy with the large amount of Indonesian capital inflow. The policy of holding back the benchmark interest rate by the US made the market more likely to wait for the Fed's view regarding the cautionary attitude towards US economic growth during the Covid-19 pandemic, so that financial market players would wait and adjust the policies taken by the US central bank. The Fed.

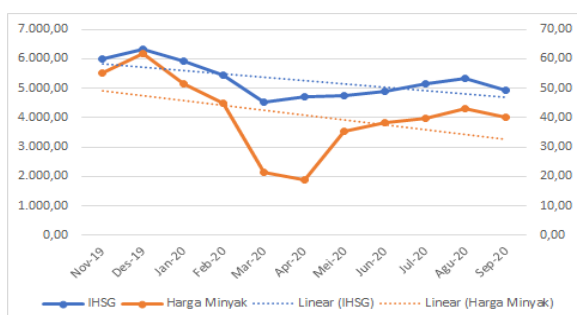


Figure 4. Development of IHSG and Crude Oil Prices

The trend of the relationship between world oil prices and the IHSG is positive during the period of this study. In the chart above, the IHSG and oil prices both have an upward trend. At the end of 2019, the IHSG movement tended to increase, four of the nine sectors were observed to move positively, led by the mining sector. Meanwhile, there was an increase in world oil prices at the end of 2019 which also affected the IHSG movement. The

strengthening of world oil prices as a result of the phase I trade agreement between the United States (US) and China still boosted crude oil performance. This strengthening of world oil prices also responded positively by strengthening the IHSG at the end of 2019.

Entering the beginning of 2020 at the end of January 2020, it was noted that world oil prices fell due to fears of slowing global economic growth which could lead to lower demand for crude oil. It was noted that the price of West Texas Intermediate (WTI) oil fell USD 1.15 to USD 55.59 per barrel on the New York Mercantile Exchange. The emergence of the issue of the Covid-19 outbreak has become a pressing factor for the world economy, causing world oil prices to decline. In January 2020, the IHSG was recorded at the opening of trading, the IHSG strengthened to the level of 6,076.46, but decreased at the end of the month in the second session to the level of 5,940.05. This means that the decline in world oil prices and also the IHSG which was also caused by worries about the world economy caused by the Covid-19 issue which caused economic uncertainty, the decline occurred in June 2020.

In July 2020, it was noted that the world oil price increased. The price of Brent oil rose by the position of USD 43.31 per barrel while West Texas Intermediate (WTI) crude futures rose to USD 40.27. However, the increase in oil prices will continue to rise due to global stimulus and coupled with the weakening US dollar. The improvement in world oil prices was also responded to, with the IHSG recorded an increase of nearly 5% or 4.98% point-to-point in July.

Entering August 2020, it was noted that world oil prices experienced a decline. Brent crude futures for delivery in October ended the session dropping 47 cents, or one percent, to USD 44.96 per barrel. West Texas Intermediate (WTI) crude oil futures for September delivery fell 43 cents, or one percent, to USD 42, 24 per

barrel. This comes after the International Energy Agency (IEA) cut its 2020 oil demand forecast due to travel restrictions to fight the coronavirus.

In addition, a weaker dollar makes oil prices cheap for holders of foreign currencies. This also happened to the IHSG in the period of August 2020, where it closed reddening or weakened 2.02% to the level of 5,238, this is in line with the results of research conducted by Parnia Shahrestani and Meysam Rafei (2020) which resulted that Oil Prices had a positive influence on IHSG in Iran.

At the beginning of September 2020, it was noted that the world oil price continued to decline, this was because the Saudi Arabian country cut oil prices on crude oil supplies in Asia. West Texas Intermediate (WTI) oil prices for October 2020 delivery fell 67 cents, or about 1.7%, to USD 39.10 per barrel on the New York Mercantile Exchange. The price of Brent crude for November 2020 delivery slumped 63 cents, or about 1.5%, to USD 42.03 a barrel on the London ICE Futures Exchange. This decline also occurred in the IHSG which was still in a weakening condition by decreasing by 2.02% to the level of 5,238.48. The negative sentiment towards the increase in Covid-19 cases in Indonesia is the driving force for the market to move down.

Based on the regression results in Table 1, it can be seen that the R square value is 92%, which means when there is a movement of the Composite Stock Price Index from World Covid-19 confirmed cases, Covid-19 confirmed cases in Indonesia, USD/IDR exchange rates and world oil prices. While the remaining 8%, it is possible to know other variables that are not in this study. Taken together, the independent variable has a significant (significant) effect on the dependent variable with an alpha of 0.05%.

Table 1. Results of Interpretation

Variable	Coefficient	T	P
Constant	10.533	2.327	0.0000
World Covid	-0.003	-2.170	0.035
Indonesia Covid	-0.004	-2.327	0.024
ExchangeRate	-0.270	-1.165	0.250
POil	0.192	5.817	0.000
	R ² =0.927	Adj	F=
		R ² =0.920	137.88
			P= 0.00

Based on the results above, we can explain the regression coefficient of the equation as follows: 1) A constant value of 10.53318 means that if CovWorld, CovI, ExchangeRate, Oil Price not exist, then the IHSG value is 10.53318; 2) The b₁ coefficient value is 0.003858, which means that if the World Covid increases by 1 unit, the IHSG will decrease by -0.003858; 3) The b₂ coefficient value is -0.004999, which means that if the Covid Indo increases by 1 unit, the IHSG will decrease by -0.004999; 4) The coefficient value of b₃ is 0.270495, which means that if the USD/ IDR exchange rate increases by 1 one, the IHSG will increase by 0.270495; 5) The coefficient value of b₄ is 0.192058, which means that if the World Oil Price increases by 1 unit, the IHSG will increase by 0.192058.

Partially through the T test we can see that World Covid and The Indonesian Covid variable has a significant effect on the IHSG at $\alpha = 0.05$ and. These results indicate that the more severe the covid-19 pandemic conditions in the world and in Indonesia will worsen the IHSG price level. This result is supported by Zarei et al (2020) who revealed the negative impact of Covid-19 on the level of share prices in China.

While Variable World oil prices have a significant effect on the IHSG at $\alpha = 0.05$. Means that the better the level of world oil prices will encourage an increase in joint stock prices in Indonesia. This research is supported by Gumilang (2014) who suggests that the world oil price has a significant effect on the level of stock prices. Based on the test results, it shows that

there is an influence between world oil prices and the IHSG variable, these results are in line with research from Basit (2020) which shows that there is an influence between the world oil variables and the IHSG in the 2016-2019 period.

Based on the results of calculations using multiple regression analysis previously explained that it is in accordance with the theory/ frame of mind and hypotheses described in the previous section except for the USD/ IDR exchange rate variable. The insignificance of the exchange rate against the IHSG because investors are more concerned with the development conditions of the Covid epidemic that hit Indonesia and the world which will have an impact on demand and production, these results are in line with the results of research from Auguspaosa and Nariman (2019) where the results show that the exchange rate variable has no relationship with the IHSG or not significant to the IHSG. Teguh & Andaiyani (2019) confirm that the changes in the supply of USD have a bigger role in explaining the change of the exchange rate compared to JCI and government bond yield). The movement of the exchange rate during the pandemic period was mostly due to the short-term entry and exit of foreign investors' funds due to the consideration of the number of confirmed Covid cases, and the PSBB policies implemented by the central and regional governments which are feared to affect the performance of Issuers on the Indonesia Stock Exchange in addition to falling prices oil which reduces the income of industrial sector issuers.

In addition, the results show that the direction of the relationship between the USD/ IDR exchange rate against the IHSG appears to have a positive relationship. Even though the results obtained are negative, it means that in nominal terms the value of the

rupiah continues to increase, but in real terms the rupiah is depreciating or weakening. This means that when the nominal exchange rate increases but in real terms it decreases or depreciates, it will cause the IHSG to fall, because when the amount of the Rupiah exchange rate to buy one USD will be more when the rupiah exchange rate is depreciated so that the IHSG price will fall. This explanation is in line with the results of research from Siskwati (2019), the empirical results in this study indicate that there is a positive direction of the relationship between the rupiah exchange rate and the IHSG on the IDX in the 2017 period.

In addition, there are results from other research, namely Hidayatul and Siti Ragil (2019), which state that the USD/ IDR exchange rate has a positive effect on the IHSG. This happens because the exchange rate affects the price of goods produced domestically which will be exported later, and the cost of goods imported into the country. So that when the exchange rate experiences an appreciation condition, it will attract investors to invest in securities which will have an impact on increasing investment in the IDX which will continue to increase the IHSG price.

CONCLUSION

Based on the results of variable regression between the IHSG, Exchange Rates, Oil Prices, cases of COVID-19 in Indonesia and COVID-19 in the World, it is concluded that collectively, the independent variables have a significant effect on the IHSG. Partially, Oil Prices, COVID-19 cases in Indonesia and COVID-19 cases in the world have a significant effect on the IHSG. Meanwhile, the exchange rate has no significant effect on the IHSG. The limitation of this study is short time periods. It is recommended for further research to increase the time period of the study in order to produce better results. Furthermore, it is hoped that further research

will use different analytical tools from the previous one so that the results obtained are more representative of the actual situation and use other variables to describe conditions in Indonesia.

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