



## Determinant of Indonesia Composite Index During Covid-19 Pandemic

Eni Nur Hidayati<sup>1✉</sup>, Karsinah<sup>2</sup>

Development Economic Study Program, Economics Faculty, Universitas Negeri Semarang

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### Abstract

*This study aims to determine and analyze the influence in the long run and short run interest rates, IDR exchange rates, inflation and oil prices on ICI on the Indonesia Stock Exchange during the Covid-19 pandemic. The analysis method used is with Error Correction Models (ECM) analysis. The data used in the study is time series data that is compiled periodically on a weekly basis from January 2019 to April 2021. The results showed that interest rates have a significant effect in the long run and have no significant effect in the short run, the IDR exchange rate and world oil prices have a significant effect in the long and short run, while inflation has no significant effect in the long run and short run on ICI.*

**Keywords:** ICI, Interest Rates, IDR Exchange Rate, Inflation, World Oil Prices

### Abstrak

Penelitian ini bertujuan untuk mengetahui dan menganalisis pengaruh dalam jangka panjang dan jangka pendek suku bunga, kurs IDR, inflasi dan harga minyak dunia terhadap IHSG di Bursa Efek Indonesia pada saat pandemi Covid-19. Metode analisis yang digunakan yaitu dengan analisis Error Correction Models (ECM). Data yang dipakai dalam penelitian adalah data time series yaitu data yang disusun berkala secara mingguan dari Januari 2019 sampai dengan April 2021 secara runtun waktu. Hasil penelitian menunjukkan, suku bunga berpengaruh signifikan dalam jangka panjang dan tidak berpengaruh signifikan dalam jangka pendek, kurs IDR dan harga minyak dunia berpengaruh signifikan dalam jangka panjang dan jangka pendek, sedangkan inflasi tidak berpengaruh signifikan dalam jangka panjang dan jangka pendek terhadap IHSG.

**Kata Kunci:** IHSG, Suku Bunga, Kurs IDR, Inflasi, Harga Minyak Dunia

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✉ Correspondence Address :  
Address: Gedung L2 Lantai 2 FE Unnes  
Kampus Sekaran, Gunungpati, Semarang, 50229  
E-mail : [eninurhidayati@students.unnes.ac.id](mailto:eninurhidayati@students.unnes.ac.id)

## INTRODUCTION

Indonesia's economy is not only seen from economic growth or macroeconomic factors but also reflected in capital market conditions that become one of the country's economic support. Indonesia's capital market conditions can be known in value from the Indonesia Composite Index (ICI) on the Indonesia Stock Exchange. Many economic factors affect the capital market. According to Blanchard (2006), macroeconomic factors that affect capital markets include the state of the global economy, the level of world energy prices, and the political stability of a country.

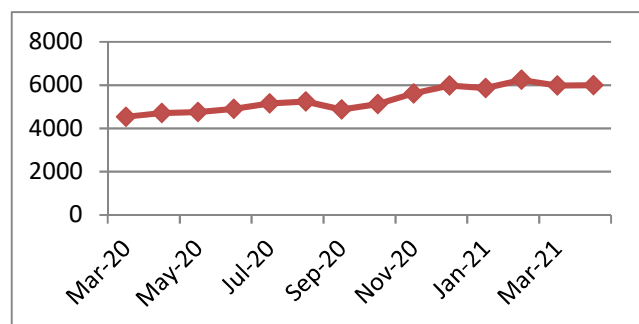
Samsul (2008) stated that factors that affect the capital market include foreign exchange rates, international economic conditions, and a country's economic cycle. Another factor affecting the capital market is investor behaviour. According to Ang (1997), one way to know the capital market condition is to look at the country's stock index figures.

The stock price index shows market trends and becomes a reference for investors to decide on the economy and politics. The Composite Stock Price Index is one of the stock indices listed in burs Efek Indonesia. IHSG is an indicator to know the overall stock price movement in the Indonesian capital market so that the market can be understood in a bullish (strong) or bearish (weak) state.

The capital market becomes one of the drivers of the economy in a country, one of which is in Indonesia because the capital market is a means of forming capital that provides facilities to move funds to parties that require funds (issuers) from parties that have excess funds (investors). This turnaround of money in

the capital market can provide economic stimulus to be stable.

According to Sawidji (1996), the Composite Stock Price Index summarises the simultaneous and complex impact of various influencing factors, especially economic phenomena. Even today, the Composite Stock Price Index is used as a barometer of a country's economic health and as a basis for statistical analysis of the latest market conditions (current market). Indonesia Composite Index (ICI) is one of the considerations for investors in looking at the economic condition of a country. The movement of the ICI figure will show the current market situation



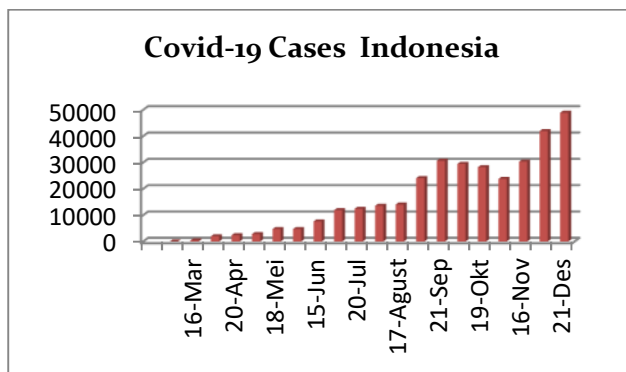
**Figure 1.** ICI movement period (January 2019-April 2021)

Source : Investing.com, 2021 (processed data)

Figure 1 shows the movement of numbers during the Covid-19 pandemic. The movement of ICI figures tends to be volatile, with the highest ICI at 6241.8 in February 2021 and the lowest ICI at 4538.93 in March 2020. In March 2020, the coronavirus began to enter Indonesia, and the central government began to impose Large Scale Social Restrictions (PSBB) in the capital city of Jakarta and several other major cities. This policy gave negative sentiment to the share price so that the ICI figures decreased.

The weakening of ICI is due to global phenomena, namely the emergence of coronavirus, commonly referred to as Covid-19. This virus has now infected more than 60 countries in the world. The WHO declared the coronavirus as a viral pandemic. A pandemic is a state where a disease or infectious virus can cause death and has spread almost all over the world and crosses international borders.

According to Semaun (2020), the Covid-19 outbreak is a disease that affects health and can impact the economy. When many workers are infected with this virus, the state has more maintenance costs and production costs. The risk to health is higher and has an eclectic effect on the level of productivity of health care costs.



**Figure 2.** Development of Covid-19 Cases in Indonesia

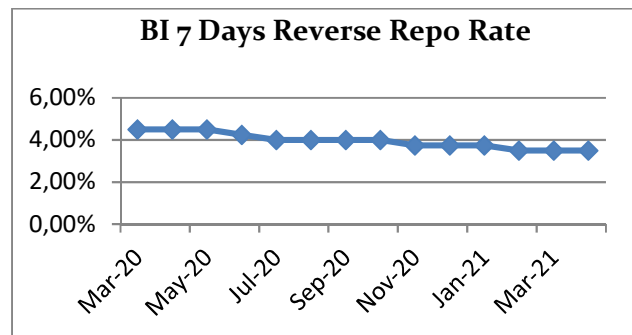
Source : WHO, 2021 (processed data)

Figure 2 is a graph of Covid-19 cases in Indonesia. It is seen that on March 02–December 21, 2020, the number of positive coronavirus cases continues to increase significantly every day. The increase in coronavirus cases resulted in the government imposing lockdown policies and conducting Large Scale Social Restrictions (PSBB) in some areas to break the chain of coronavirus spread.

This policy can indirectly affect economic activities in Indonesia.

The spread of the coronavirus turned out to impact Indonesia, with the coronavirus having made the Indonesian economy unstable. Bank Indonesia has implemented a monetary policy since last February to deal with this unstable economic situation, namely lowering the BI 7-Day Reverse Repo Rate. The reduction in interest rates is a form of stimulus to reduce the impact that may be caused by the coronavirus outbreak, which has now infected more than 60 countries in the world.

SBI interest rate or BI Rate is one of the factors from a macroeconomic perspective that affects changes in stock prices. Bank Indonesia has direct authority to regulate the SBI interest rate. A significant increase in interest rates causes the IDR to strengthen, but it decreases in the Indonesia Composite Index because investors tend to choose to save in banks (Harsono, 2018).



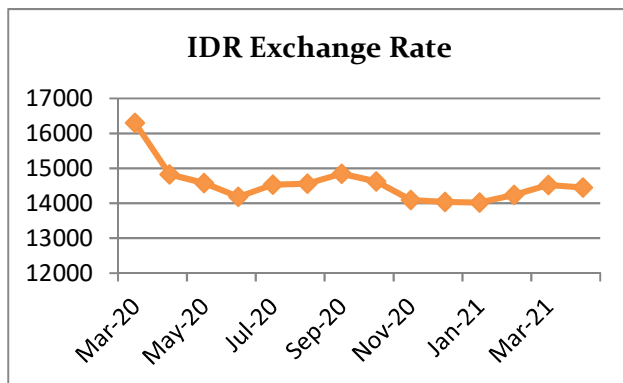
**Figure 3.** Interest Rate Movements

Source : Bank Indonesia, 2021 (processed data)

Figure 3 shows the movement of the BI7DRR interest rate during the pandemic Covid-19. During the pandemic Covid-19, interest rates continued to decline. The lowest interest rate was 3.5% in January 2021, and the

highest interest rate was 4.5% in March 2020. The policy of reducing the government's BI-7 Day Reverse Repo Rate is expected to be immediately transmitted by banks by reducing credit interest rates. The weakening movement of the ICI was also due to the recent strengthening of the IDR exchange rate and causing the IDR to depreciate.

The weakening of the exchange rate was also due to the current condition of Indonesia, which can be said to be unstable after the coronavirus began to spread to Indonesia. This unstable condition will affect investor confidence in Indonesia so that investors withdraw their funds from Indonesia looking for the most liquid investment instrument with less risk, and the choice is to fall to the USD. In Indonesia, the movement of exchange rates is can affect economic performance (Malisa and Karsinah, 2019).



**Figure 4.** Movement of the IDR Exchange Rate  
Source: Investing.com, 2021 (processed data)

The outflow of investor funds abroad causes the supply of USD to decrease while the supply of IDR increases. This decrease in the supply of USD caused the IDR to depreciate so that the value IDR became more expensive than USD. The exchange rate is an indicator that affects activity in the money market and the

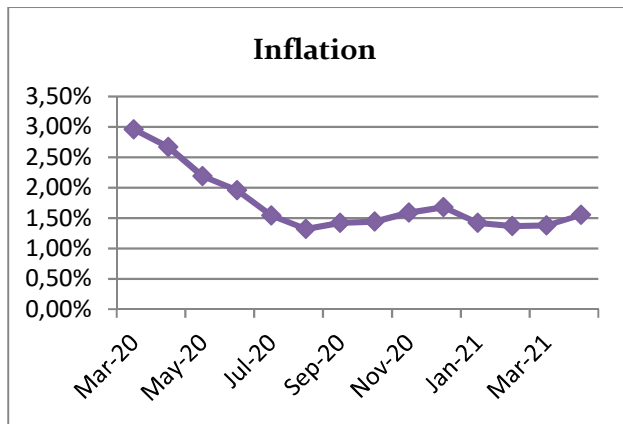
stock market, so investors will be more careful when making portfolio investments. When the IDR exchange rate weakens against foreign currencies, mainly the US USD, it will give negative sentiment to Indonesia's economy and capital market (Sitinjak and Kurniasari, 2003).

Figure 4 is a graph showing the movement of the IDR exchange rate during the pandemic Covid-19. During the pandemic Covid-19, the IDR exchange rate tends to fluctuate, the lowest IDR exchange rate was at IDR 16,300 in March 2020, and the highest IDR exchange rate was IDR 14,020 in January 2021. The weakening of the IDR exchange rate in March 2020 was due to Indonesia's current condition, which is unstable after the coronavirus began to spread to Indonesia.

The up and down movement of the IDR exchange rate occurred due to economic turmoil due to the coronavirus pandemic which was still unstable, and because the IDR was still classified as a soft currency so it was easy to move. One of the macroeconomic factors that change the ICI movement is inflation. Sukirno (2010) stated that Inflation is a process of increasing the prices of goods prevailing in the economy. Inflation is a phenomenon of rising prices continuously on an ongoing basis. This is because the amount of money in circulation is more than the amount of money offered. Thus making the price of goods more expensive (Djohanputro, 2008).

Since there were positive cases of Covid-19 in Indonesia, people began to experience panic buying by buying masks, hand sanitizers and various necessities in large quantities. This condition caused a shortage because the number of goods was limited while requests increased. This condition is under the law of economics. When supply is limited, the demand increases will make the goods grow. This continuous

increase in prices in the future will lead to inflation if not controlled with the right policies.



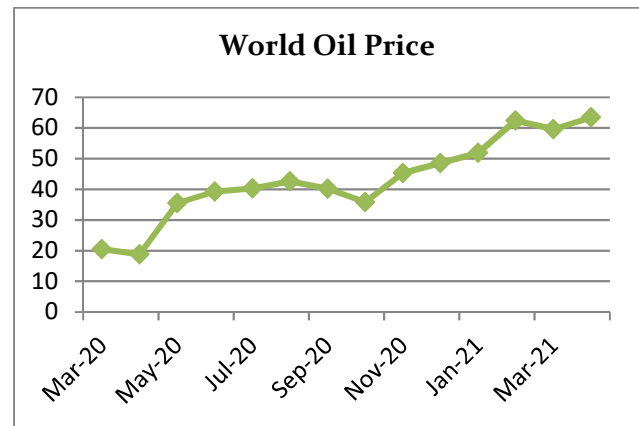
**Figure 5.** Inflation Movements  
Source : Bank Indonesia, 2021 (processed data)

Figure 5 is a graph showing inflation movements during the pandemic Covid-19. During the pandemic Covid-19, inflation tends to fluctuate. The lowest inflation rate was 1.32% in August 2020, and the highest inflation rate was 2.96% in March 2020. In March 2020, after the coronavirus began to spread to Indonesia, the inflation rate can be very low, below 2% from June to December 2020.

The movement of the ICI is also caused by external (global) factors, one of which is world oil prices. In March, the world oil price also fell to USD 22.43 per barrel, while in December last year, the world oil price touched USD 61.03 per barrel. For now, the price of oil can be said to have plummeted. The decline in world oil prices will affect changes and movements in stock prices. According to Handiani (2014), crude oil is a commodity that is quite important for the Indonesian economy. Processed crude oil is a source of energy.

Wang and Huang (2010) stated that when oil prices increase, the economy and the stock

market will lead to a decline. However, if you look at the effect, it is different for oil-exporting and oil-importing countries because when world oil prices rise, it indicates a transfer of welfare from oil-importing countries to oil-exporting countries. The opposite is what happened to oil-importing countries. This condition shows that if world oil prices affect a country's economy, then oil prices are an indicator of changes in economic conditions and the stock market



**Figure 6.** World Oil Price Movements  
Source : Investing.com, 2021 (processed data)

Figure 6 shows the movement of world oil prices during the pandemic Covid-19. During the pandemic Covid-19, oil price movements also fluctuated. The sharpest decline occurred in April 2020 to USD 18.84 per barrel. The lowest world oil price level was USD 18.84 per barrel in April 2020, and the highest world oil price level was USD 63.44 per barrel in April 2021.

The decline in world oil prices in 2020 was also caused by the coronavirus which began to infect more than 60 countries in the world, causing global economic instability not only in Indonesia. The aim of this research is to analyze the influence in the long run and short run interest rates, IDR exchange rates, inflation

and oil prices on ICI on the Indonesia Stock Exchange during the Covid-19 pandemic.

**RESEARCH METHODS**

This type of research is quantitative research, which aims to determine the factors that affect the Composite Stock Price Index on the Indonesia Stock Exchange. The data used is time series, which is time-series data compiled weekly from January 2020-April 2021. The data were obtained from Bank Indonesia publications in the form of inflation and interest rate data and publications from investing.com in ICI movements, the IDR exchange rate, and world oil commodity prices.

Variables in this study were classified into 2, namely the dependent variable and the independent variable. The dependent variable is a variable that is influenced by other variables, while the independent variable is a variable that affects other variables. The dependent variable in this study is the Indonesia Composite Index (ICI), and the independent variables in this study are 4: interest rates, IDR exchange rates, inflation, and world oil prices.

The data analysis technique uses Error Correction Models (ECM). This study's data processing techniques were performed using software or application Eviews 9. Time series data are generally stochastic (data has a unit root/has a non-stationary trend). Time series data using basic assumptions stationary, meaning that the data must possess a mean and variance do not vary systematically over time (Gujarati & Porter, 2015).

If the data used is stochastic, the value will fluctuate around the average value, making it difficult to estimate the model (Rusdiyana, 2009). This test was developed by Dickey and Fuller, using the Augmented Dickey-Fuller Test

(ADF). Before performing data processing, the data was the beginning of the stationary test to avoid the spurious regression value of R2 marked with great while small autocorrelation value. The basic model in this study can be seen as below.

$$ICI_t = \beta_0 + \beta_1 InterestRate_t + \beta_2 ExchangeRate_t + \beta_3 Inf_t + \beta_4 OilPrice_t + e_t \dots \dots \dots (1)$$

The model is formulated using ECM regression method (Error Correction Models) becomes as follows :

$$D(ICI)_t = \alpha_0 + \alpha_1 D(InterestRate)_t + \alpha_2 D(ExchangeRate)_t + \alpha_3 D(Inf)_t + \alpha_4 D(OilPrice)_t + ECT_{t-1} + e_t \dots \dots \dots (2)$$

**Information :**

- ICI = Indonesia Composite Index
- Interest Rate = BI-7 Day Reverse Repo Rate
- Exchange Rate = Exchange rate US USD against the IDR
- Inf = Inflasi
- Oil Price = World Oil Price
- D = Difference,  $X_t - X_{t-1}$
- ECT = Error Correction Term

As a result, the estimator results are inefficient, the predictions will be biased, and the standard statistical test becomes invalid. The stage after the stationary test is the cointegration test. The Cointegration test aims to determine whether there is a long-run relationship between the dependent variable and the binding variable (Hardianto, 2006). If the residual value is stationary at the level, there is cointegration between variables.

After the stationary test and cointegration test by getting the best model, the next step is the classical assumption test to produce the



estimated parameter value that matches the actual value so that the parameter value has the characteristics of being unbiased, consistent, and efficient or BLUE (best, linear, unbiased estimator). Classical assumption test consists of normality test, heteroscedasticity test, autocorrelation test, and multicollinearity test. Next is to perform statistical tests to analyze the suitability of the regression model obtained. The statistical test consists of the coefficient of determination or R-squared, f-test, and t-test.

## RESULTS AND DISCUSSION

The equation model in this study was modified to Generalized Least Square to treat autocorrelation in the model and get better estimation results. The unit root test in this study used Augmented Dickey-Fuller (ADF). The ADF test is used to determine the stationarity of the data at the level when the data is not stationary at the level, and then it is continued with the degree of integration test at the level first difference.

**Table 1.** Result of Unit Root Test

		Level	1st Difference
ICI	Intercept	0.2356	0.0000
	Trend and intercept	0.0005	0.0000
	None	0.8804	0.0000
INTEREST RATE	Intercept	0.7548	0.0000
	Trend and intercept	0.0000	0.0000
	None	0.1058	0.0000
EXCHANGE RATE	Intercept	0.0002	0.0000
	Trend and intercept	0.0556	0.0000
	None	0.5965	0.0000
INFLATION	Intercept	0.0063	0.0000
	Trend and intercept	0.0262	0.0001
	None	0.1198	0.0000
WORLD OIL PRICE	Intercept	0.6230	0.0000
	Trend and intercept	0.0000	0.0000
	None	0.8693	0.0000

Source : Output Eviews 9, 2021

Based on table 1, the probability of the ADF in the three tests with the three methods intercepts, trends and intercept, and none for all variables are not stationary at the level because they have a probability value of more than (0.05), so it is necessary to continue

with the degree of integration test at the level first difference. At the level first difference, the ADF probability value for the ICI variable, interest rate, IDR exchange rate, inflation and world oil prices has a probability value of less than (0.05), then all variables are stationary.

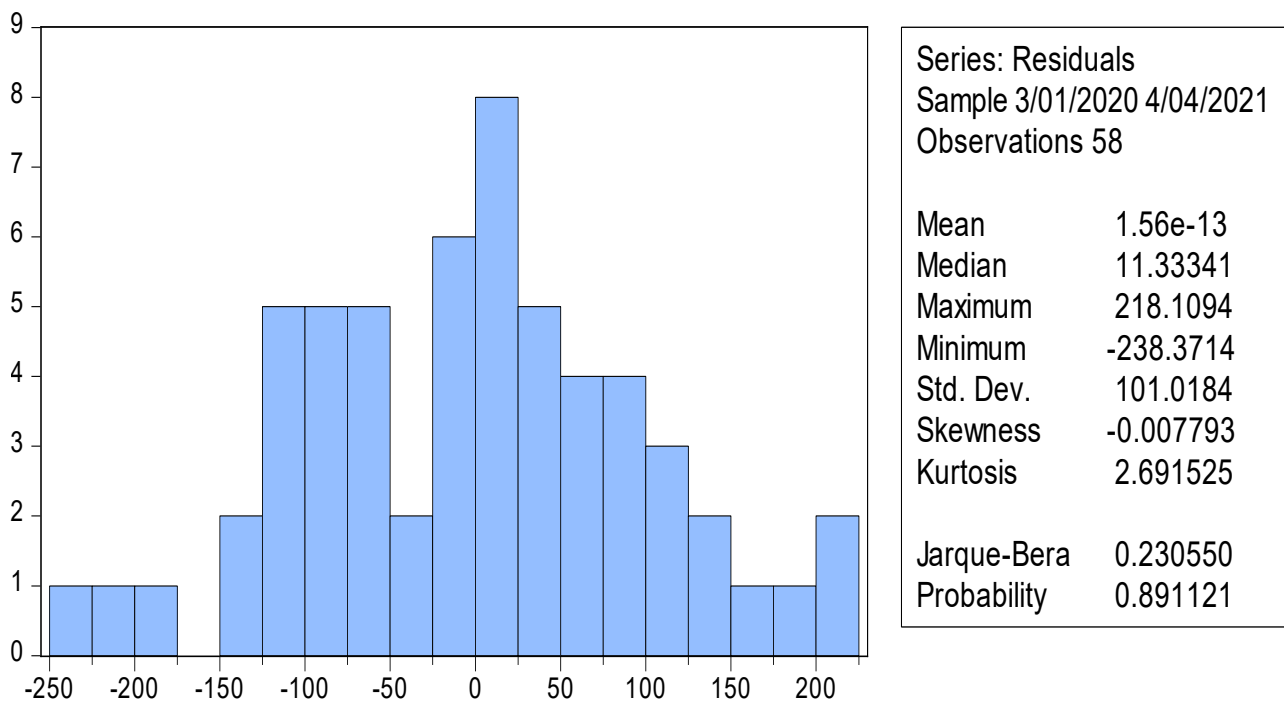
After knowing that the data is stationary at the level first difference, the next step is to identify whether the data are cointegrated. A cointegration test is used to determine whether there is a long-run balance between variables in the model. In other words, if the variables in the model are cointegrated, then there is a long-run relationship. The step in the cointegration test is to use the model Generalized Least Square, and the equation is.

$$NICI = \alpha_0 + \beta_1 N InterestRate_t + \beta_2 N Exchangerate_{wt} + N Inf_t + \beta_4 N OilPrice_t + e_t \dots \dots \dots (3)$$

**Table 2.** Cointegration Test Results

Variable	Level
Intercept	0.0000
Residual (e)	Trend and intercept 0.0001
	None 0.0000

Source : Output Eviews 9, 2021



**Figure 7.** Normality Test Result

Source : Output Eviews 9, 2021

Based on table 2, it can be seen that the probability value of ADF in three tests with three methods of intercept, trend and intercept, and none for all stationary variables at the level because it has a probability value of less than (0.05) so that the residuals are stationary at the level, and it means that there is cointegration between variables. The next stage is testing the classical assumptions to determine whether the

regression model used in the study is reasonable or not if used in conducting the assessment.

The regression model can be reasonable if it is BLUE (Best Linear Unbiased Estimator). Therefore, it is necessary to test the classical assumptions to find out whether the model used has a deviation from the classical assumptions or not so that this research model is suitable for use in this study. Based on Figure 7, the probability



value of Jarque Berra 0.891121 is greater than (0.05), the data used in this study is normally distributed.

**Table 3.** Heteroscedasticity Test Results

Heteroskedasticity Test : White	
F-statistic	1.777256
Obs*R-squared	21.25955
Prob.Chi-Square(14)	0.0952

Source : Output Eviews 9, 2021

Based on table 3 the value of Chi-Square Probability 0.0952 is greater than (0.05), so it can be concluded that the regression model used is free of heteroscedasticity.

**Table 4.** Autocorrelation Test Result

Breusch-Godfrey Test	
F-statistic	2.312691
Obs*R-squared	4.822838
Prob.Chi-Square(2)	0.0897

Source : Output Eviews 9, 2021

Based on table 4 the value of Chi-Square Probability 0.0897 is greater than (0.05), so it can be concluded that the regression model used is free of autocorrelation.

**Table 5.** Multicollinearity Test Result

Variable	Centered VIF
NINTEREST_RATE	1.913644
NIDR_EXCHANGE RATE	1.367188
NINFLATION	1.499520
NOIL_PRICE	2.562816
C	NA

Source : Output Eviews 9, 2021

Based on table 5, the VIF value of each independent variable is less than 10, so the regression model used is free of multicollinearity. Statistical tests carried out in this study were t-test, f test and coefficient of determination test  $R^2$ . Tables 6 and 7 are the results. Based on the regression results with the ECM approach, interest rates have a negative and significant effect in the long run, while in the short run, they have a negative and insignificant effect on the ICI.

The results of this study are under Oktarina (2016), which states that interest rates negatively affect the movement of the ICI figure. The results of this study are also under Yadila (2020), which shows that changes in the BI rate have no significant effect on changes in the ICI in the short run. During the pandemic Covid-19, Bank Indonesia lowered the BI-7 Day Reverse Repo Rate to deal with this unstable economic situation. Bank Indonesia set the BI rate to be the reference interest rate by banks in Indonesia.

Interest rates affect investors interest in investing in the capital market in the long run. Covid-19 interest rates continue to decline during the pandemic, so investors are more interested in investing in the capital market. In the long run, people are starting to accept the pandemic Covid-19 as an adaptation of new habits in the future. Meanwhile, interest rates have no significant effect on the capital market in the short run because the pandemic Covid-19 has made most people lose their jobs. Thus people prefer to use their money for consumption compared to investing in the capital market.

The results of this study when associated with signal theory according to Jogiyanto

(2015) state that information issued by companies is important for determining investment decisions. Then, if it is associated with the theory of market efficiency, according to Jogiyanto (2015), market efficiency shows how the market responds to the

information received and how this information affects stock price movements. This is evidenced by the fact that interest rates have an influence on investors' decisions in the capital market in the long and short run, thus the market responds well to the available information.

**Table 6.** Long Run t-Test Results

Variable	Coefficient	t-statistic	Prob. ( $\alpha= 5\%$ )	t-tabel ( $\alpha= 5\%$ )	Conclusion
Interest Rate	-65401.68	-3.672316	0.0006	2.00575	Significant
Exchange Rate	-0.385211	-6.019553	0.0000	2.00575	Significant
Inflation	168.5866	0.407823	0.6850	2.00575	Not Significant
Oil Price	23.84750	4.837330	0.0000	2.00575	Significant
C	3467.073	8.770830	0.000	2.00575	Significant

Source : Output Eviews 9, 2021

Based on the regression results with the ECM approach, it can be seen that the IDR exchange rate has a negative and significant effect in the long and short run on the ICI. The

results of this study are in accordance with Nellawati and Isbanah (2019) which showed that the IDR exchange rate had a negative effect on the movement of the ICI.

**Table 7.** Short-Term t-Test Results

Variable	Coefficient	t-statistic	Prob. ( $\alpha= 5\%$ )	t-tabel ( $\alpha= 5\%$ )	Conclusion
Interest Rate	-13421.84	-0.799546	0.4277	2.00665	Not Significant
Exchange Rate	-0.326622	-6.151780	0.0000	2.00665	Significant
Inflation	146.7940	0.342094	0.7337	2.00665	Not Significant
Oil Price	21.16996	5.484676	0.0000	2.00665	Significant
ECT(-1)	-0.643847	-4.758739	0.0000	2.00665	Significant
C	4.011778	0.316992	0.7525	2.00665	Not Significant

Source : Output Eviews 9, 2021

The movement of the ICI figure during the pandemic Covid-19 continued to weaken; this was because the last few weeks in March 2020 after the coronavirus began to enter Indonesia made the US USD exchange rate strengthen and caused the IDR to depreciate. The weakening of the IDR was also due to the current condition of Indonesia, which can be said to be unstable after the coronavirus began to spread to Indonesia.

Unstable conditions in Indonesia will affect investor confidence, so investors pull their funds out of Indonesia, looking for the most liquid investment instruments with less risk.

The choice is to fall to the US USD, with the shift of investor confidence to the US USD currency causing investors' interest to invest in the capital market to decrease. Thus the movement of the IDR exchange rate can affect

the movement of the ICI figure on the IDX in the long and short run. The results of this study, when associated with signal theory according to Suwardjono (2010), if the announced information is considered a good signal, investors will be interested in trading stocks. Thus, the market will respond, which is reflected in stock trading volume changes.

Then, suppose it is associated with the theory of market efficiency proposed by Tandelilin (2010). In that case, an efficient capital market is the condition of stock prices in the capital market that can respond to both positive and negative information or issues that enter the capital market. The IDR exchange rate has a negative and significant impact on the capital market in the long and short run. Thus the market responds favourably to the available information.

Based on the regression results with the ECM approach, inflation has a positive and insignificant effect in the long and short run on the ICI. The results of this study are in line with the research of Syarif and Asandimitra (2015), which showed that inflation did not affect changes in the ICI. The results of this study are also in line with Subiantoro et al. (2018), which stated that inflation had a positive and insignificant effect on the ICI.

During the pandemic Covid-19 laying off workers, many companies reduced production costs. With layoffs, people lose their jobs, affecting their consumption because they do not have a steady income during the pandemic. During the pandemic, the inflation rate decreased, followed by a decline in people's purchasing power due to unstable people's income, thus affecting the productivity and profitability of the company.

When the company's profitability declines, the dividends received by investors will also decrease, thereby reducing investor interest in investing in the company, which will also affect stock price movements. This insignificant effect is because, during the pandemic, people prefer to consume rather than invest so that when inflation falls, people's purchasing power also decreases. Thus, the movement of inflation during the pandemic Covid-19 does not affect the movement of the ICI figure on the IDX in the long and short run.

The results of this study, associated with the theory of market efficiency, Tandelilin (2001) states that an efficient market is a market whose stock prices describe all available information and how quickly the information reflected by the market leads to a new equilibrium price. Inflation does not affect decisions. In the long and short run, thus the market does not respond well to the available information. Based on the regression results with the ECM approach, world oil prices have a positive and significant effect in the long run and the short run on the ICI.

The results of this study are under Suryanto (2017), which shows that world oil prices have a positive and significant effect on the ICI movement. The results of this study are also in line with Basit (2020), which states that world oil prices have a positive and significant effect on the ICI. During the pandemic Covid-19, world oil prices experienced a drastic decline compared to world oil prices at the end of 2019.

World oil prices in 2020 reached their lowest level in the last 21 years. The drop in oil prices was due to the abundant world oil production, which was not matched by an

increase in world oil demand, causing world oil prices to fall. In addition, the coronavirus pandemic in various parts of the world has also caused a decline in world oil prices.

The decline in world oil prices influences stock price movements, especially for the mining sector, so that the movement of the ICI figure also decreases. Thus, the movement of world oil prices during the pandemic Covid-19 affected the movement of the ICI figure on the IDX in the long and short run. The results of this study, when associated with signal theory according to Brigham and Houston (2011) are signals or signals of an action taken by the company to provide instructions for investors about how management views the company's prospects.

Then, if it is associated with the theory of market efficiency, Tandelilin (2001) states that an efficient market is a market whose stock price describes all current information and how quickly the information reflected by the market leads to a new equilibrium price. World oil prices positively and significantly affect the capital market in the long and short run. Thus the market has been efficient to respond well to the available information.

## CONCLUSION

Based on the results of data processing and analysis described in the previous section, interest rates have a positive and significant effect in the long run, while in the short run, it has a positive and insignificant effect on the ICI. The IDR exchange rate has a negative and significant effect on the ICI in the long and short run. Inflation and world oil price have a positive and insignificant effect on the ICI in the long and short run.

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