



The Influence of Macroeconomic Variables on The Indonesian Sharia Stock Index (ISSI) for The 2013-2019 Period

Indah Nawindra , Andhi Wijayanto

Management Department, Faculty of Economics, Universitas Negeri Semarang, Semarang, Indonesia

Article Information

Article History:

Received October 2020

Approved November 2020

Published December 2020

Keywords:

Exchange Rate, BI Rate, Inflation, World Oil and Gold Prices, ISSI.

Abstract

Investors believe that economic factors have a major impact on developments in the Islamic capital market. This study aims to describe and analyze macroeconomics of the Indonesian Sharia Stock Index (ISSI). The sample of this study consisted of 84 data consisting of all population data, namely all data on closing prices at the end of each month from exchange rates, BI Rate, inflation, world oil prices, world gold prices, and the Indonesian Sharia Stock Index (ISSI) for the period January 2013 - December. 2019. The analysis technique used is the Error Correction Model (ECM). The results showed that in the short term the exchange rate variable had a significant effect on the ISSI, while the BI Rate, inflation, world oil prices and world gold prices had no effect on the ISSI. In the long run, the variable exchange rate, BI Rate, inflation and world gold prices have a significant effect on the ISSI, while the world oil price variable has no effect on the ISSI.

INTRODUCTION

An increasingly advanced economic development will open people's minds to a more modern direction, especially in terms of investing the funds they have. The public will increasingly understand about investment choices considering the risks that may be faced in the future (Oktavianingtyas & Wijayanto, 2015).

The presence of a capital market in a country is considered very important to drive the national economy which functions as a facility provider to facilitate companies and issuers in obtaining funds (Rachmawati & Laila, 2015). Economic stability in a country has an impact on performance in the country's capital market, as well as the capital market in Indonesia (Ningsih & Cahyaningdyah, 2014).

Capital market conditions in Indonesia are reflected in the stock price index. Activities that occur in the capital market are demand and supply activities between investors who have excess funds and companies

that need funds (Utama & Puryandani, 2020).

In Indonesia the capital market is regulated in Law Number 8 of 1995. However, the existing capital market contains various things that deviate from sharia principles (Nazir, 2016). This is a problem because Indonesia is one of the largest Muslim countries in the world (Suciningtyas & Khoiroh, 2015), which of course the majority of the population in Indonesia is Muslim.

In recent years, Islamic finance activities have attracted great attention around the world (Kumar & Sahu, 2017). In Islamic investment that existed and taught during this time, there was with in Islam it is different from conventional investment. There are many things that make investors interested in replacing conventional systems with Islamic systems. The public views that the sharia economy contributes optimally in boosting economic growth (Novitasari & Khoiruddin, 2017).

The shares of companies that are listed in sharia are very different from the shares of companies that are not included in the sharia

© 2020 Universitas Negeri Semarang

 Correspondence Address:

L2 Building, 1st Floor, Faculty of Economics, Universitas Negeri Semarang
Jalan Taman Siswa, Sekaran, Gunungpati, Semarang, 50229
E-mail: indahveren2310@gmail.com

list, this is because to be included in the list of sharia stocks, a company must be able to meet the stipulated criteria for the list of Islamic shares (Khoiruddin & Faizati, 2014). Islamic stocks are considered superior to conventional stocks. It can be seen from the transactions on Islamic stocks that are halal and clean from the elements of fraud and manipulation. This reason indirectly also makes sharia shares the preferred stock (Ardana, 2016).

The Islamic capital market in Indonesia is growing rapidly with the birth of the Indonesian Sharia Stock Index (ISSI) issued by the National Sharia Council of the Indonesian Ulema Council (NSC-IUC) and Bapepam-LK on May 12, 2011. ISSI is a Sharia Stock Index consisting of all shares listed on the Indonesia Stock Exchange and joined in the Sharia Securities List (SSL) (Suciningtias & Khoiroh, 2015).

The growth of the Indonesian Sharia Stock Index (ISSI) is higher than the Composite Stock Price Index (CSPI). Sharia stock index growth is considered to have more advantages compared to conventional stocks. This is the reason for the researcher to choose ISSI as the research variable. However, the Indonesian Sharia Stock Index (ISSI) does not always increase, but also decreases (Ardana, 2016).

Every development in the Islamic capital market cannot be separated from the influence of macroeconomic factors. If the macroeconomic conditions of a country change, investors will first confirm the positive and negative impacts before making a decision to buy or sell shares (Sanjaya & Wijayanto, 2019). Investors generally believe that macroeconomic activities have a major impact on the volatility of stock prices (Kisten, 2019).

Over the past few years, the relationship between macroeconomic variables and stock levels has come under scrutiny among practitioners and academics (Kumar & Sahu, 2017). The macroeconomic environment is an environment outside the company that affects the daily operations of the company (Andriyani & Armeren, 2016). Several macroeconomic factors that are often associated with the capital market are fluctuations in interest rates, the rupiah exchange rate, inflation and GDP growth (Kewal, 2012). Inflation rate and interest rate are two main macroeconomic variables that generally have a major impact on the economy, especially on the stock market (Eldomiati et al., 2020).

Other important factors that are able to influence the development of the sharia index are macroeconomic and monetary variables such as Bank Indonesia Syariah Certificates, inflation,

money supply, exchange rates and others (Suciningtias & Khoiroh, 2015). Apart from these reasons, the choice of rupiah exchange rate or exchange rate, Indonesian bank interest rates, inflation, world oil prices and world gold prices as research variables is also due to the existence of a research gap in previous studies.

Previous research has shown mixed results regarding the macroeconomic influence on the stock index. The results of research Tjun and Panjaitan (2019) state that the exchange rate has a significant negative effect on the stock index. While the results of research conducted by Nurhayati et al. (2019) stated that the exchange rate has a significant positive effect on the stock index.

The results of research on the effect of the BI Rate level on the stock index conducted by Saputra et al. (2017) stated that the BI Rate has an insignificant positive effect on the stock index. In contrast to the research results of Widyasa and Worokinasih (2018) the BI rate has a significant negative effect on the stock index.

The empirical evidence about the effect of the inflation rate on the stock index by Mashudi et al. (2019) stated that inflation has a significant positive effect on the stock index. While the results of research conducted by Suciningtias and Khoiroh (2015) states that inflation has a significant positive effect on the stock index.

The results of research on the effect of world oil prices on the stock index conducted by Rahmiyanti and Fianto (2019) state that world oil prices have a significant negative effect on the stock index. In contrast to research conducted by Yusfiarto and Pambekti (2020) which states that world oil prices have a significant positive effect on the stock index.

Empirical evidence on the effect of world gold prices on stock indexes conducted by Heryanto (2016) states that world gold prices do not have a significant effect on stock indices. In contrast to research conducted by Yunita et al. (2018) which states that world gold prices have a significant positive effect on the stock index.

The conclusion from the explanation of the results of previous research is that there is a difference so that there is a research gap. The difference in the results of some of the above studies makes researchers feel that further research is needed on changes in macroeconomic variables that have an impact on the stock index with the aim of supporting previous studies.

Hypothesis Development

Mishkin (2008) states that the demand for securities is influenced by the exchange rate,

wealth, inflation rate and interest rates. An increase in currency rates will have a different impact for each company. Companies that have debt in dollars, the impact of the increase in the dollar will be greatly affected because the company's burden to pay off debt is higher. Research conducted by (Osamwonyi & Evbayiro-osagie, 2012) concluded that the exchange rate has a short-term positive effect on stock returns in Nigeria. This is supported by research conducted by Ibrahim and Musah (2014) which shows that there is a positive relationship between exchange rates and stock returns in Ghana.

Exchange rate changes are an area that is still being debated. Therefore, the relationship between exchange rates and macroeconomic variables still needs to be studied more deeply. The exchange rate itself can be used as a parameter of the strength of a country's currency value when compared to the currencies of other countries (BenMabrouk, 2018). Research conducted by (Osamwonyi & Evbayiro-osagie, 2012) states that the exchange rate has a long-term negative effect on the stock index. This is supported by research conducted (Yunita et al., 2018) which shows that there is a negative relationship between the exchange rate and the stock index. Thus it can be concluded that the exchange rate has an influence on the stock index. The BI Rate is one of the macroeconomic factors that can affect the Indonesian Sharia Stock Index (ISSI).

The BI Rate is the interest rate in response to changes in inflation and the rupiah exchange rate as a reference for banking interest rates such as deposit and savings rates. According to research from Afendi (2017), states that the BI Rate has a short-term negative effect on the Sharia Stock Index. According to Kumar and Sahu (2017), the interest rate is another fundamental macroeconomic variable that has a significant impact on stock returns. The results of research by Andriyani and Armeren (2016), Nasser et al. (2017), Widyasa and Worokinasih (2018), and Mushair et al. (2020) support the theory and research results above which state that the Bank Indonesia interest rate has a significant negative effect on the stock index.

Bank Indonesia rate or abbreviated as BI rate is the basic interest rate applied in the country of Indonesia. The movement is used as a reference for other interest rates, so that if the BI rate increases, other debt interest rates will also increase. (Afendi, 2017) found that the BI rate has a long-term negative effect on the stock price index, as well as research by (Nasser et al., 2017) found that the BI rate also has a negative effect

on the Islamic stock price index. This interest rate is considered effective in both the real sector, the money market and the banking sector.

Tandelilin (2010) states that an increase in inflation as a whole will bring negative signals to investors in the capital market. Inflation can increase a company's revenue and costs. If the increase in costs is higher than the price increase that can be enjoyed by the company, then the company's profitability will decrease. The results of research by Suciningtias and Khoiroh (2015), obtained evidence that inflation has a negative effect on the Indonesian Sharia Stock Index (ISSI). Research conducted by (Afendi, 2017) also obtained the same results that inflation has a negative effect on the Stock Index. Where if inflation increases, it will decrease the Indonesian Sharia Stock Index (ISSI).

When expectations of inflation increase, it will have an impact on the increase in the nominal interest rate. An increase in interest rates creates pressure on prices through the balance of the money market. For an entrepreneur, inflation expectations are important, because empirically the actual increase in inflation in an economy can affect the level of purchasing power (Aghekyan-Simonian et al., 2012). The results of the study (Insiyah, 2017) obtained evidence that inflation has a negative effect on the Indonesian Sharia Stock Index (ISSI). Research conducted by (Muttaqin, 2017) also obtained the same results that inflation has a negative effect on the Stock Index. Where if inflation increases, it will decrease the Indonesian Sharia Stock Index (ISSI).

The fluctuating world oil price can have a major impact on the macro economy and the capital market. For companies that have shares in the mining and oil commodity sectors, of course the increase in world oil prices will have a positive effect because the increase in world oil prices will increase the level of income or profitability of a company. This is supported by previous research conducted by Pardede et al. (2016) which shows that world oil prices have a positive effect on the mining sector stock price index.

In contrast to companies that have shares outside the mining and oil commodity sectors where the increase in world oil prices will have an impact on the company's operating costs which will be even greater and of course will have an impact on the level of income or profitability of a company. This is supported by previous research conducted by Gumilang et al. (2014) which shows that world oil prices have a negative effect on the composite stock price index.

As an important commodity, the increase in crude oil prices causes inflationary pressure and increases in other commodities so that it can affect economic growth in the real sector (Ben-Mabrouk, 2018). This is supported by research conducted by (Khai et al., 2017) that the price of crude oil has a long-term negative effect on the stock index.

Gold can be used as the choice of investors in investing their funds if the risk arising from investing in the capital market cannot be compensated for by the rate of return obtained.. This is also supported by the results of several previous studies such as research conducted by Afendi (2017) where the results of his research show that the price of gold has a negative effect on the stock price index.

Then the potential return on investing in stocks or bonds is no longer attractive and is considered unable to compensate for existing risks, investors will divert their funds into real assets such as precious metals or property that are deemed more feasible and safe (Heryanto, 2016). From the results of research conducted by (Pasariibu & Kowanda, 2013) the price of gold can have an effect on stock prices.

The hypothesis of this study is:

- H1: Exchange rates have a short-term effect on the stock index.
- H2: The BI Rate level has a short-term effect on the stock index.
- H3: A strong inflation rate has a short-term effect on the stock index.
- H4: A strong world oil price level has a short-term effect on the stock index.
- H5: The strong world gold price level has a short-term effect against the stock index.
- H6: Exchange rates have a long-term effect on the stock index.
- H7: The BI Rate level has a long-term effect on the stock index.
- H8: A strong inflation rate has a long-term effect on the stock index.
- H9: A strong world oil price level has a long-term effect on the stock index.
- H10: A strong world gold price level has a long-term effect on the stock index.

METHOD

Data and Sample

The type of data used in this research is quantitative, which is secondary data. This study uses data by taking each end of the month from the variables studied.

The population in this study is all data on closing prices at the end of each month during the period January 2013 - December 2019 exchange rates, BI Rate, inflation, world oil prices, world gold prices, and the Indonesian Sharia Stock Index (ISSI).

The sampling technique carried out by the author in accordance with the title under study is nonprobability sampling. sampling techniques that do not provide equal opportunities or opportunities for every element or member of the population to be sampled.

Dependent Variables

Sharia stocks in Indonesia, one of which is the Indonesian Sharia Stock Index (ISSI), is a stock index that reflects all Islamic stocks listed on the IDX (www.idx.go.id). The purpose of establishing JII and ISSI is to increase investor confidence in investing in sharia-based stocks and provide benefits for investors in implementing Islamic sharia to invest in the stock exchange. In other words, JII and ISSI are used as integrators for investors who want to invest their

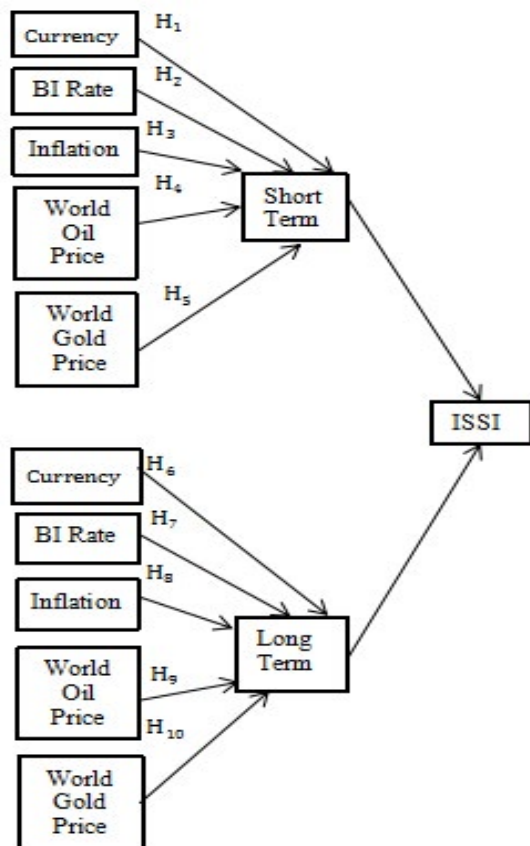


Figure 1. Research Model

funds in sharia without fear of being mixed with ribawi funds (Pasaribu & Kowanda, 2013).

The Islamic stock index uses data in the form of closing prices. The Indonesian Sharia Stock Index data is obtained from the Indonesia Stock Exchange with the type of monthly data for the period January 2013 to December 2019.

Exchange rate

The exchange rate is the price of one currency expressed in terms of another currency. The exchange rate is also an important macro-economic indicator that affects share prices in determining the overall performance of the economy (Cahyaningdyah & Ressany, 2012). The indicator in this variable is the exchange rate proxied by the Bank Indonesia standard rate, namely the USD / IDR spot price which is compiled based on the interbank interbank exchange rate of USD / IDR transactions against rupiah in the Indonesian foreign exchange market.

BI Rate

The BI Rate is the price or loan fee paid for loan funds. The BI Rate has an impact on overall economic growth because interest rates can not only affect consumers' willingness to consume or save but also influence their decision to invest (Mishkin, 2008:4). The BI Rate represents the one-year interest rate set by Bank Indonesia which serves as a benchmark for loan interest rates and savings rates for banks and non-bank financial institutions throughout Indonesia (Maharditya et al., 2018). The BI Rate is measured by the Bank Indonesia Interest Rate because according to Listriono and Nuraina (2015) the Bank Indonesia Interest Rate is the benchmark interest rate for banks, such as the savings and deposit rates set by Bank Indonesia to overcome the increase in state inflation.

Inflation

According to Chakimatuzzahroh and Witiastuti (2018), inflation can be interpreted as a process of increasing prices with a market mechanism that applies in an economy. The amount of inflation can also affect stock prices and can affect demand for stocks (Ardana, 2016). Inflation data used by researchers is inflation in a broad sense obtained from the Bank Indonesia website and taken monthly data for the 2013-2019 period. The indicator used to measure the rate of inflation is the Consumer Price Index (CPI).

World Oil Prices

Oil is an energy source that has many attributes, including resource value, commodity value and financial implications (Bala & Chin, 2017). Although renewable energy continues to be developed in line with the advancement of science and technology, oil still plays an important role in fulfilling energy resources (Zhang & Wu, 2018). The world crude oil price generally refers to the spot price of the world oil market per barrel (159 liters) then the standard is the West Texas Intermediate (WTI) type traded on the New York Mercantile Exchange (NYMEX) (Septiawan et al., 2016).

World Gold Price

Gold Currency is one of the means of exchange or means of payment used by world commodities. The price of the London market gold standard or commonly known as the London Gold Fixing is a gold standard that is often used as a benchmark throughout the world (Mushair et al., 2020) the money used in determining the price of gold is the United States Dollar, British Pound and Euro. The price used as a benchmark for world gold contract prices is the closing price or Gold P.M. (Afendi, 2017).

RESULTS AND DISCUSSION

To test stationarity in this study using the Augmented Dickey-Fuller (ADF) test. Based on the ADF at the level and Difference I levels as follows:

Table 1. The value of the unit root test with the ADF test method at the level of level and difference I

Variable	Prob.	Decision
D(LOG_ISS1)	0.0000	Significant
D(LOG_KURS)	0.0000	Significant
D(BIRATE)	0.0000	Significant
D(INFLATION)	0.0000	Significant
D(LOG_WOP)	0.0000	Significant
D(LOG_WGP)	0.0000	Significant

Based on table 1. above the variables D (LOG_ISS1), D (LOG_KURS), D (BIRATE),

D (INFLATION), D (LOG_WGP), and D (LOG_WOP) have a Prob value. ADF of 0.0000 <a critical value of 0.05, it can be concluded that the variable is significant in Difference I. Because all variables are significant in Difference I, it can be continued to the next stage.

Table 2. Estimation Results of Long-Term Regression

Variable	Coefficient	t-statistics	Prob.	Adjusted R ²
LOG_KURS	0.332807	3.01759	0.0035*	
BI-RATE	-0.022707	-3.281837	0.0016*	
INFLATION	-0.015054	-2.325045	0.0228*	0.585549
LOG_WGP	0.051611	1.65481	0.1022 ^d	
LOG_WOP	0.311232	2.243156	0.0279*	
C	-0.253358	-0.1398	0.8892 ^d	

Based on table 2. shows that the variable exchange rate, BI Rate, inflation, and WGP are significant at a critical value of 5%. While the WOP variable is not significant. The long-term model obtained Adjusted R² of 0.585549, which means that the effect of the five variables is 58.55% in influencing the Indonesian Sharia Stock Index (ISSI) and the rest is influenced by variables outside the model. The models used are:

$$(LOG_ISSI) = 0.332807*LOG_ISSI - 0.022707*BIRATE - 0.015054*INFLATION + 0.051611*LOG_WGP + 0.311232*LOG_WOP + 0.253358$$

Table 3. Value of Cointegration Test with ADF Method at Level Level

Variable	t-statistic	Prob.	Decision
Residual (e)	-3.582810	0.0083	Significant

From the results of the cointegration test using the Augmented Dickey-Fuller method, the residual Prob value can be seen in the table. 0.0083 <critical value of 0.05 (5%), so it has been stationary at the level level. So it can be concluded that there is cointegration between variables.

Table 4. Short-term Regression Estimation Results

Variable	Coefficient	t-statistics	Prob.	Adjusted R ²
C	0.006032	1.994773	0.0499*	
D(LOG_KURS)	-0.646884	-4.717371	0.0000*	
D(BI RATE)	-0.018700	-1.951377	0.0550 ^d	
D(INFLATION)	0.004348	-0.925911	0.3576 ^d	0.382122
D(LOG_WGP)	0.071801	-0.652711	0.5161 ^d	
D(LOG_WOP)	-0.135844	0.725787	0.4704 ^d	
ECT(-1)	-0.135844	-2575200	0.0121*	

Based on table 4, it shows that the Kurs variable is significant at a critical value of 5%. Meanwhile, the BI Rate, inflation, HMD, and HED variables were not significant at the critical value of 5%. The short-term model obtained Adjusted R² of 0.382122, which means that the effect of the five variables is 38.21% in influencing the Indonesian Sharia Stock Index (ISSI) and the rest is influenced by variables outside the model.

The regression results of the error correction model approach (Error Correction Model) in table 4 can be rewritten in the equation below:

$$D(LOG_ISSI) = 0.006032 - 0.646884*D(LOG_ISSI) - 0.011870*D(BIRATE) - 0.004348*(INFLATION) - 0.022389*D(LOG_WGP) + 0.071801*(LOG_WOP) - 0.135844*ECT(-1)$$

In this study, the ECT (Error Correction Term) value in the short-term regression results is negative. So that the ECT value used in this study is valid and in accordance with the provisions that in the EG-ECM model the value of ECT is negative. The ECT coefficient value -0.135844 means that the difference between the Indonesian Sharia Stock Index (ISSI) and its balance value is 0.135844. While the probability value is 0.0121 <from the degree of confidence 0.05 (5%) so it can be said to be significant.

Hypothesis Test
The Short-Term Effect of Macroeconomics on the Indonesian Sharia Stock Index (ISSI)

Based on the regression results with the ECM approach, it is found that the effect of the Exchange Rate on the Indonesian Sharia Stock Index (ISSI) in the short term is negative and significant. The coefficient obtained is -0.646884 and

a probability of 0.0000 which is significant for $\alpha = 5\%$, which means that changes in the exchange rate variable every 1% will reduce the Indonesian Sharia Stock Index (ISSI) by 0.64%. Therefore, in the short term, the exchange rate has an effect on the Indonesian Sharia Stock Index (ISSI).

The results of this analysis indicate that stock investors are very concerned about the movement of the exchange rate against the United States dollar (USD) to make investment decisions. As previously stated by Khan et al. (2013), Suciningtias and Khoiroh (2015) and Tjun and Panjaitan (2019) depreciation of the rupiah against the dollar means that the value of the rupiah weakens so that dollar exchange will get a higher rupiah value. The same thing is experienced by companies that have debt in the form of dollars, of course the depreciation of the rupiah will be detrimental because the company will pay larger obligations, of course this will reduce the company's profitability.

Based on the regression results with the ECM approach, it is found that the effect of the BI Rate on the Indonesian Sharia Stock Index (ISSI) in the short term is negative and significant. The coefficient obtained is -0.011870 with the probability is 0.0550 so it is not significant at $\alpha = 5\%$. Therefore, in the short term the BI Rate has no effect on the Indonesian Sharia Stock Index (ISSI).

The BI Rate variable has no effect on the ISSI because the type of investor in Indonesia is an investor who likes to do short-term stock transactions (traders / speculators), so that investors tend to take profit taking with the aim of obtaining a high enough capital gain in the capital market compared to investing in SBI (Bank Indonesia Certificate). The results of this study are in accordance with research conducted by Kewal (2012) dan Utoyo and Riduwan (2016) which states that the BI Rate has no significant effect on ISSI.

Based on the regression results with the Error Correction Model (ECM) approach, it is found that the effect of inflation on the ISSI in the short term is negative and insignificant. The coefficient obtained is -0.004348 and a probability of 0.3576 which is not significant to $\alpha = 5\%$. Therefore, in the short term, inflation has no effect on the Indonesian Sharia Stock Index (ISSI).

The results of the analysis show that the inflation rate variable has no effect on the Indonesian Sharia Stock Index (ISSI). This can be interpreted that during the observation period the inflation rate was in a normal period or it could be said that it was not in a crisis period. In the

study period, some investors did not use the inflation rate as a consideration in making decisions to make sharia-based investments. The results of this study are consistent with research conducted by Utoyo and Riduwan (2016) and Widyasa and Worokinasih (2018) which states that inflation has no effect on the stock index.

Based on the regression results with the Error Correction Model (ECM) approach, it is found that the effect of World Oil Prices on ISSI in the short term is negative and insignificant. The coefficient obtained is -0.022389 and the probability is 0.5161 which is not significant to $\alpha = 5\%$. Therefore, in the short term, the World Oil Price has no effect on the Indonesian Sharia Stock Index (ISSI).

The results of the analysis show that the World Oil Price variable has no effect on the Indonesian Sharia Stock Index (ISSI). This means that the price of oil is not an important input in the production process. As a result, if the oil price changes, the company will also adjust to these changes which in turn will not affect the company's performance in the short term. The results of this study are not in accordance with the research conducted by Khan et al. (2013) which states that world oil prices affect the stock index. Another study that supports the results of this study was conducted by Suciningtias and Khoiroh (2015) which stated that the World Oil Price was able to influence the Indonesian Sharia Stock Index (ISSI).

Based on the regression results with the Error Correction Model (ECM) approach, it is found that the effect of the World Gold Price on the ISSI in the short term is positive and insignificant. The coefficient obtained is 0.071801 with a probability of 0.4704 so it is not significant at $\alpha = 5\%$. Therefore, in the short term the World Gold Price has no effect on the ISSI.

The World Gold Price has no effect on the ISSI because most investors buy gold not for investment purposes. Other research that supports the results of this study states that world gold prices have no effect on ISSI conducted by Insiyah (2017). This research is not in accordance with that conducted by Heryanto (2016), Utoyo and Riduwan (2016), and Yunita et al. (2018) which states that the world gold price affects the ISSI.

Long-term Effects of Macroeconomics on the Indonesian Islamic Stock Index (ISSI)

Based on the regression results with the Error Correction Model (ECM) approach, it is found that the effect of exchange rates on the

ISSI in the long run is positive and significant. The coefficient obtained is 0.332807 and the probability is 0.0035 which is significant for $\alpha = 5\%$. Therefore, assuming *ceteris paribus* in the long run, a change in the exchange rate variable every 1% will cause a change in ISSI of 0.332%.

In the long run, the exchange rate variable has an effect on the ISSI. This is because when the rupiah exchange rate appreciates, the cost of imported raw materials and products related to imports will decrease. This causes production costs to decrease, so that profits at the company will increase. The results of this study are consistent with research conducted by Heryanto (2016) and Nasser et al. (2017) which state that the exchange rate has an effect on the ISSI.

Based on the regression results with the Error Correction Model (ECM) approach, it is found that the effect of the BI Rate on the ISSI in the long run is negative and significant. The coefficient obtained is -0.022707 and a probability of 0.0016 which is significant for $\alpha = 5\%$. Therefore, in the long run the BI Rate has an effect on the ISSI.

The results of the analysis show that the BI Rate variable has a significant effect on the Indonesian Sharia Stock Index (ISSI), which means that stock investors pay close attention to movements in domestic interest rates to make investment decisions. This is in accordance with the results of research conducted by Widyasa and Worokinasih (2018) and Osamwonyi and Evbayiro-osagie (2012) which state that the BI Rate has a significant effect on ISSI.

Based on the regression results with the Error Correction Model (ECM) approach, it is found that the effect of inflation on the ISSI in the long run is negative and significant. The coefficient obtained is -0.015054 and the probability is 0.0228 which is significant for $\alpha = 5\%$. Therefore, with the assumption of *ceteris paribus* in the long run, a change in the inflation variable every 1% will cause a change in the ISSI of 0.015%.

If there is inflation, a company must be ready to take the risk of an increase in the cost of producing goods and services so that it can cause a decrease in the profit generated by the company. The decline in profits will have an impact on dividends and returns. This is in accordance with the results of research conducted by Osamwonyi and Evbayiro-osagie (2012) and Insiyah (2017) which state that inflation has an effect on the ISSI.

Based on the regression results with the Error Correction Model (ECM) approach, it is found that the effect of World Oil Prices on ISSI in the long run is positive and insignificant. The

coefficient obtained is 0.051611 and the probability is 0.1022 which is not significant for $\alpha = 5\%$. Therefore the world oil price has no effect on the Indonesian Sharia Stock Index (ISSI).

This is because the volatility of oil prices is a critical matter for investors due to the role of oil as the most important energy source for all countries in the world. The high index growth in the mining sector shows the great interest of investors in mining sector stocks which are seen as a profitable investment option. This is in accordance with the results of research conducted by Khai et al. (2017) and Metadjer and Boulila (2018) which states that the World Oil Price affects the ISSI.

Based on the regression results with the Error Correction Model (ECM) approach, it is found that the effect of the World Gold Price on the ISSI in the long run is positive and significant. The coefficient obtained is 0.311232 and a probability of 0.0279 which is significant for $\alpha = 5\%$. Therefore, with the assumption of *ceteris paribus* in the long run, a change in the inflation variable every 1% will cause a change in ISSI of 0.311%.

In accordance with the theory of Krisna and Wirawati (2013) gold is a form of investment that tends to be risk-free, gold investment is a profitable commodity, because the price tends to increase. The tendency of rising gold prices will encourage investors to choose to invest in gold instead of stocks, and vice versa if the gold price increases, investors will sell the gold for profit. This is in accordance with the results of research conducted by Utoyo and Riduwan (2016) which states that the gold price of dunis has an effect on the ISSI.

CONCLUSIONS AND RECOMMENDATIONS

Based on the results of research that has been conducted regarding the influence of macroeconomic variables on the Indonesian Sharia Stock Index (ISSI) for the period 2013 - 2019, it can be concluded that the exchange rate in the short term is a significant negative on the Indonesian Sharia Stock Index (ISSI). The BI Rate in the short term is significantly negative for the Indonesian Sharia Stock Index (ISSI). Inflation in the short term is not significant negative towards the Indonesian Sharia Stock Index (ISSI). The world oil price in the short term is not significant negative towards the Indonesian Sharia Stock Index (ISSI). The world gold price in the short term is not significant positive on the Indonesian Sharia Stock Index (ISSI). The exchange rate in the long run is a significant positive on the In-

Indonesian Sharia Stock Index (ISSI). The BI Rate in the long term is a significant negative for the Indonesian Sharia Stock Index (ISSI). Inflation in the long term is a significant negative for the Indonesian Sharia Stock Index (ISSI). The world oil price in the long term is not significant positive on the Indonesian Sharia Stock Index (ISSI). The world gold price in the long run is a significant positive on the Indonesian Sharia Stock Index (ISSI).

Based on the conclusions in this study, if the next researcher is to conduct research on the factors that affect the Indonesian Sharia Stock Index (ISSI), it is better to replace the research period and variables that do not affect this study. Variables that do not have an effect can be replaced with more relevant variables such as data on the Indonesian State Budget, money supply, and Gross Domestic Product (GDP) in order to obtain better research results. Limitations in this study are that the second, third, fourth, fifth, and ninth hypotheses are rejected. Based on the supporting theory, this study cannot show that the hypothesis is supported.

REFERENCES

- Afendi, A. (2017). Pengaruh Variabel Makro Ekonomi Terhadap Indeks Saham di Jakarta Islamic Index (JII) (Periode 2012-2016). *Manajemen Dan Bisnis*, 13(2), 48–72.
- Aghekyan-Simonian, M., Forsythe, S., Kwom, W. S., & Chattaraman, V. (2012). Journal of Retailing and Consumer Services The role of product brand image and Online Store Image On Perceived Risks and Online Purchase Intentions for Apparel. *Journal of Retailing and Consumer Services*, 19, 325–331.
- Andriyani, I., & Armeren, C. (2016). Pengaruh Suku Bunga, Inflasi, Nilai Buku Terhadap Harga Saham Perusahaan Indeks LQ45 yang Terdaftar di Bursa Efek Indonesia (BEI). *Jurnal Ilmiah Orasi Bisnis*, 15, 44–64.
- Ardana, Y. (2016). Pengaruh Variabel Makroekonomi Terhadap Indeks Saham Syariah di Indonesia: Model ECM. *Jurnal Bisnis Dan Manajemen*, 6(1), 17–30.
- Bala, U., & Chin, L. (2017). Oil Price, Exchange Rate and Disaggregate Consumer Prices: Causality, Impulse Response, and Variance Decomposition. *International Journal of Commerce and Management*, 5(6), 37–59.
- BenMabrouk, H. (2018). *Cross Herding Behavior Between The Stock Market and The Crude Oil Market During Financial Distress: Evidence From The New York stock Exchange*.
- Cahyaningdyah, D., & Ressany, Y. D. (2012). Pengaruh Kebijakan Manajemen Keuangan Terhadap Nilai Perusahaan. *Jurnal Dinamika Manajemen*, 3(1), 20–28.
- Chakimatuzzahroh, & Witiastuti, R. S. (2018). Pull Factor And Push Factor Influences On The Volatility Of Foreign Investment Flows In Indonesian Capital Market. *Management Analysis Journal*, 7(2), 231–243.
- Eldomiaty, T., Saeed, Y., Hammam, R., & Aboulsoud, S. (2020). The Associations Between Stock Prices, Inflation Rates, Interest Rates are Still Persistent Empirical Evidence from Stock Duration Model. *Journal of Economics, Finance and Administrative Science*, 25(49), 149–161.
- Gumilang, R. C., Hidayat, R. R., & NP, M. G. W. E. (2014). Pengaruh Variabel Makro Ekonomi, Harga Emas dan Harga Minyak Dunia terhadap Indeks Harga Saham Gabungan (Studi pada Bursa Efek Indonesia Periode 2009-2013). *Jurnal Administrasi Bisnis (JAB)*, 14(2), 1–9.
- Heryanto. (2016). Analisis Pengaruh Tingkat Inflasi, Nilai Kurs, Harga Emas Dunia Terhadap Indeks Saham LQ45 di Bursa Efek Indonesia Periode Tahun 2011-2014. *FinAcc*, 1(1), 148–160.
- Ibrahim, M., & Musah, A. (2014). *An Econometric Analysis of the Impact of Macroeconomic Fundamentals on Stock Market Returns in Ghana*. 6(2), 47–72.
- Insiyah, J. (2017). *Pengaruh Suku Bunga (BI Rate), Harga Emas Dunia, Tingkat Inflasi, Jumlah Uang Beredar (M2) dan Harga Minyak Dunia terhadap Indeks Harga Saham Jakarta Islamic Index (JII) di Bursa Efek Indonesia (Periode Januari 2008- Desember 2015)*.
- Kewal, S. S. (2012). Pengaruh Inflasi, Suku Bunga, Kurs, dan Pertumbuhan PDB terhadap Indeks Harga Saham Gabungan. *Jurnal Economia*, 8(1), 53–64.
- Khai, H. V., Sang, L. M., & Nguyet, P. T. A. (2017). *The Impact of World Crude Oil Prices on The Vietnamese Stock Market*. 1(1), 106–115.
- Khan, Mustaque, M., Yousuf, & Sadek, A. (2013). *Macroeconomic Forces and Stock Prices : Evidence from the Bangladesh Stock Market*.
- Khoiruddin, M., & Faizati, E. R. (2014). Reaksi Pasar Terhadap Dividend Announcement Perusahaan Yang Sahamnya Masuk Daftar Efek Syariah. *Jurnal Dinamika Manajemen*, 5(2), 209–219.
- Kisten, T. (2019). Macroeconomic implications of uncertainty in South Africa. *South African Journal of Economic and Management Sciences*, 1–15.
- Krisna, A. A. G. A., & Wirawati, N. G. P. (2013). Pengaruh Inflasi, Nilai Tukar Rupiah, Suku Bunga SBI pada Indeks Harga Saham Gabungan di BEI. *E-Jurnal Akuntansi Universitas Udayana*, 3(2), 421–435.
- Kumar, K. K., & Sahu, B. (2017). Dynamic Linkages Between Macroeconomic Factors and Islamic Stock Indices in a Non-Islamic Country India. *The Journal of Developing Areas*, 51(1), 193–205.
- Listriono, K., & Nuraina, E. (2015). Peranan Inflasi, BI Rate, Kurs Dollar (USD/IDR) dalam Mempengaruhi Indeks Harga Saham Gabungan. *Ju-*

- rnal Dinamika Manajemen*, 6(1), 73–83.
- Maharditya, M. A., Layyinaturobaniyah, & Anwar, M. (2018). Implication of Macroeconomic Factors to Stock Returns of Indonesian Property and Real Estate Companies. *Jurnal Dinamika Manajemen*, 9(1), 100–113.
- Mashudi, D., Ibrahim, M. A., & Fadilah, I. (2019). *The Effect of Macroeconomic Variables on Sharia Stock Prices in the Jakarta Islamic Index*. 409, 324–327.
- Metadger, W., & Boulila, H. (2018). Causal Relationship Between Islamic Bonds , Oil Price and Precious Metals : Evidence From Asia Pacific. *Jurnal Ilmu Ekonomi Syariah (Journal of Islamic Economics)*, 10(2), 285–298.
- Mishkin, F. (2008). *Ekonomi Uang Perbankan Pasar Keuangan Buku 2* (Edisi 8). Jakarta, Selemba Empat.
- Mushair, H., Muruganathi, & Rohini. (2020). A Study On Effect Of Macroeconomic factors On Stock Market In India. *UGC Care Listed Journal*, 68(2), 9–18.
- Muttaqin, N. I. (2017). *Pengaruh Kurs, Infasi, Jumlah Uang Beredar, Suku Bunga Bank Indonesia, dan IHSG terhadap Inde Harga Saham Syariah di Jakarta Islamic Index (III) Periode Januari 2011-Desembe 2016*.
- Nasser, F. A. M., Rosid, C. M. A. C., & Baharuddin, N. S. (2017). Relation between Macroeconomic Variables and ASEAN Stock Index. *Terengganu International Finance and Economics Journal*, 5(1), 7–13.
- Nazir, A. (2016). Pasar Modal Syariah di Indonesia. *Jurnal HIKAMUNA*, 1(2), 105–120.
- Ningsih, E. R., & Cahyaningdyah, D. (2014). Reaksi Pasar Modal Indonesia Terhadap Pengumuman Kenaikan Harga Bbm 22 Juni 2013. *Management Analysis Journal*, 3(1), 1–5.
- Novitasari, R., & Khoiruddin, M. (2017). Analisis Faktor Makroekonomi Terhadap kinerja Indeks Saham Syariah Di Lima Negara. *Management Analysis Journal*, 1–15.
- Nurhayati, S. P., Mardani, R. M., & Mustapika, A. (2019). Pengaruh Kurs Dollar, Indeks Dow Jones dan Tingkat Suku Bunga Sertifikat Bank Indonesia (SBI) Terhadap Indeks Harga Saham gabungan (IHSG) (Periode 2016-2018). *Riset Manajemen*, 139–155.
- Oktaviani, B. N., & Wijayanto, A. (2015). Aplikasi Single Index Model dalam Pembentukan Portofolio Optimal Saham LQ45 dan Jakarta Islamic Index. *Management Analysis Journal*, 4(1), 189–202.
- Osamwonyi, I. O., & Evbayiro-osagie, E. I. (2012). *The Relationship between Macroeconomic Variables and Stock Market Index in Nigeria*. 3(1), 55–63.
- Pardede, N., Hidayat, R. R., & Sulasmiyati, Sr. (2016). Pengaruh Harga Minyak Mentah Dunia, Inflasi, Suku Bunga (Central Bank Rate), dan Nilai Tukar (Kurs) Terhadap Indeks Harga Saham Sektor Pertambangan ASEAN (Studi pada Indonesia , Singapura , dan Thailand Periode Juli 2013 – Desember 2015). *Jurnal Administrasi Bisnis (JAB)| Vol.*, 39(1), 130–138.
- Pasaribu, R. B. F., & Kowanda, D. (2013). Dinamika Bursa Saham Asing dan Makroekonomi Terhadap Indeks Harga Saham Gabungan Bursa Efek Indonesia. *Jurnal Akuntansi Dan Bisnis*, 14(1).
- Rachmawati, M., & Laila, N. (2015). Faktor Makroekonomi yang Mempengaruhi Pergerakan Harga Saham pada Indeks Saham Syariah Indonesia (ISSI) di Bursa Efek Indonesia (BEI). *Jurnal Ekonomi Syariah Teori Dan Terapan*, 2(11), 928–942.
- Rahmiyanti, D., & Fianto, B. A. (2019). Pengaruh Variabel Makroekonomi dan Indeks saham Internasional Terhadap Indeks Saham Jakarta Islamic Index (JII). *Ekonomi Syariah Teori Dan Terapan*, 6(12), 2381–2392.
- Sanjaya, D., & Wijayanto, A. (2019). Macroeconomic Influence On Banking Stock Price. *Management Analysis Journal*, 4(1).
- Saputra, R., Litriani, E., & Akbar, D. alfian. (2017). *Pengaruh BI Rate, Inflasi, Nilai Tukar Rupiah, dan Sertifikat Bank Indonesia Syariah (SBIS) terhadap Indeks Saham Syariah Indonesia (ISSI)*. 3(1), 51–72.
- Septiawan, D. A., Hidayat, R. R., & Sulasmiyati, S. (2016). Pengaruh Harga Minyak Dunia, Inflasi, dan Nilai Tukar Terhadap Pertumbuhan Ekonomi Indonesia (Studi Pada Tahun 2007-2014). *Jurnal Administrasi Bisnis (JAB)*, 40(2), 130–138.
- Suciningtias, S. A., & Khoiroh, R. (2015). *Analisis Dampak Variabel Makro Ekonomi Terhadap Indeks Saham Syariah Indonesia (ISSI)*. 2(1), 398–412.
- Tandelilin, E. (2010). *Portofolio dan Investasi Teori dan Aplikasi (Pertama)*. Yogyakarta : Kanisius.
- Tjun, T. L., & Panjaitan, F. B. B. (2019). The Impact of the Change in IDR/USD Exchange Rate on the Change in Indonesia Compasite Index in Indonesia Stock Exchange. *South East Asia Journal of Contemporary Business, Economics and Law*, 20(5), 57–61.
- Utama, O. Y., & Puryandani, S. (2020). The Effect of BI Rate , USD to IDR Exchange Rates , and Gold Price on Stock Returns Listed in the SRI KEHATI Index. *Jurnal Dinamika Manajemen*, 11(1), 38–46.
- Utoyo, N. N., & Riduwan, A. (2016). Pengaruh Tingkat Inflasi, Suku Bunga, Harga Emas Dunia, dan Kurs Rupiah pada JII. *Jurnal Ilmu Dan Riset Akuntansi*, 5(8).
- Widyasa, V. I. A., & Worokinasih, S. (2018). Pengaruh Tingkat Inflasi, Nilai Tukar Rupiah, dan Tingkat Suku Bunga Domestik terhadap Indeks Saham Syariah Indonesia (ISSI) (Studi Pada Saham Syariah Yang Terdaftar Di Bursa Efek Indonesia Periode 2013-2017). *Administrasi Bisnis (JAB)| Vol.*, 60(1), 119–128.
- Yunita, Y., Nurlita, E., & Robiyanto, R. (2018). *Pengaruh Suku Bunga, Kurs Rupiah, dan Harga Emas Terhadap Return Harga Saham Sektor Pertambangan di Bursa Efek Indonesia*. 624–630.

- Yusfiarto, R., & Pambekti, T. G. (2020). Analisis Pengaruh Variabel Makro Terhadap Return Indeks Saham Syariah Di Indonesia : Studi Pada Fenomena Perang Dagang Global. *Akuntansi Dan Keuangan Islam*, 1(1), 71–85.
- Zhang, Y., & Wu, Y.-B. (2018). *The Dynamic Information Spill-Over Effect of WTI Crude Oil Prices On China's Traditional Energy Sectors*.