BI Rate, Inflation, Exchanges IDR - USD, and Gold on the Index of Kompas 100 in Jakarta Islamic Index Period 2012 – 2016

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ABSTRACT

This study aims to Determine the factors that Affect stock price volatility in the companies belonging to the Compass 100 Index period 2012 - 2016. Stock investors should always pay attention to two factors: the stock returns (stock returns) and risk. To be Able to Predict the return and risks that may occur, should collect information about the macro economic factors and micro factors or performance of the issuer, the which may Affect the Kompas 100 Index. Testing the Data in the study using SPSS (Statistical Package for the Social Science) version 22, while the data to the analysis tools used were descriptive statistics, the classic assumption test, correlation coefficient analysis, test multiple linear regression analysis, and hypothesis testing. Kompas 100 Index from the period January 2012 - December 2016. The results showed levels of BI and gold prices did not affect the Kompas 100 Index, while the rate of inflation and foreign exchange rates in the study were selected rate of USD / IDR significant influence with the positive direction of the compass Index 100.

Keywords: BI Rate, Inflation, Exchange Rate IDR/USD, Gold and the Index of Kompas 100.

1. INTRODUCTION

In conducting investment activity, particularly in investment in stock, an investor attention to two factors: the stock returns (stock returns) and risk. Revenue (return) earned by investors may be dividends (dividend yield) and revenue from the difference between the selling price of stock over its purchase price (capital gain). The analysis tool has been used to observe the movement or fluctuations in stock prices (Jogiyanto, 2010). Fluctuations in stock prices can be influenced by factors that originate from internal and external. Internal factors generally come from companies are external factors such as: the announcement of the government such as changes in interest rates on savings and time deposits, foreign exchange rates,

inflation, and various regulatory and economic deregulation issued by the government, political turmoil in the country and exchange rate fluctuations are also a factor which have a significant effect on the stock price movement in the stock exchange of a country (Alwi, 2008). This study selected stocks to be traded on the Indonesia Stock Exchange have high liquidity and value of large market capitalization, but it is stocks that have good fundamentals and performance. Examples shares included in the Compass 100 is estimated to represent approximately 70-80% of the total market capitalization of all shares listed on the Stock Exchange. Directional Movement Index Compass 100 can be used as a reference for investors to see the trend of the market movements and performance of their portfolios. Based on the exposure that has delivered a research titled: BI Rate, Inflation, Foreign Exchange and Precious Metals On The Level Kompas 100 index in the Indonesia Stock Exchange Period 2012-2016.

2. FORMULATION OF THE PROBLEM

Is there a significant influence on the level of the BI rate, inflation, foreign exchange rates and precious metals on the level of Kompas 100 index in Indonesia Stock Exchange period 2012-2016.

3. RESEARCH PURPOSES

To determine the effect of significant levels of BI rate, inflation, foreign exchange rates and precious metals on the level of Kompas 100 index in Indonesia Stock Exchange period 2012-2016.

4. LITERATURE REVIEW

4.1. Kompas 100 Index

KOMPAS100 Index is a stock index of 100 shares of public companies traded on the Indonesia Stock Exchange. KOMPAS100 index officially published by the Indonesia Stock Exchange (BEI) in cooperation with the Kompas newspaper on Friday August 10, 2007. Stocks are selected for inclusion in the index KOMPAS100 addition to having high liquidity, as well as a large market capitalization, is also a stocks that have good fundamentals and performance.

4.2. BI Rate

S.Harjadi (2007) said among the variables or macroeconomic factors, the interest rate is the most important. In essence the interest rate is the price that link the present with the future. In Indonesia, which is used as a reference is the interest rate of Bank Indonesia, BI Rate is the interest rate that reflects the attitude of policy or monetary policy stance set by Bank Indonesia and announced to the public (www.bi.go.ac.id).

4.3. Inflation

Simply put, according to Sadono Sukirno (2012) defined inflation as rising prices in general and continuously. The price increase of one or two items alone can not be called inflation unless the increase was widespread (or result in higher prices) on other goods.

4.4. Foreign Exchange

The currency exchange rate can be described as the price of the currency. Just like the price of the product, the price of a currency is determined by supply and demand. The exchange rate is formed when the number and price of the currency demanded are equal. the amount and currency prices offered. Exchange rate is the exchange between two different currencies, namely the ratio of the price or value between the two currencies. (Triyono, 2008).

4.5. Gold Prices

These types of investments the most popular precious metal is gold investment. Precious metals investment gold to be excellent because it has its own characteristics and has a relative price continues to rise and is easy to be sold anytime when someone is in need of funds.

5. FRAMEWORK

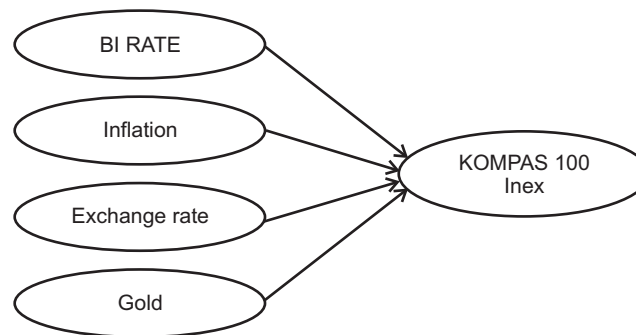In the concept of thinking can be seen in figure 1.1

Figure 1.1: Framework

Hypothesis :

1. If the bank interest rate rises, as indicated by the BI Rate rises, the people will tend to invest into money markets so that investing in stocks is not attractive because there is an element of risk, so the stock price fell. In other words, when the BI Rate rises many investors sold shares thereby decreasing Kompas 100 Index.

    H1: BI Rate level significantly influence Kompas 100 Index

2. Increased inflation causes price increases so prices generally decreased purchasing power, reduced share of revenue for investment. As a result of investment into stocks diminish, or even investors will sell shares they own to meet the needs of consumption that would result in lower Kompas 100 Index.

    H2 : Tingkat inflasi berpengaruh signifikan terhadap Indeks Kompas 100.

3. At the time of the exchange rate of £ depreciate against the USD, the BEI index tends to decrease. This is caused by a high return on the foreign exchange market so that investors are interested to invest their funds in the foreign exchange market. Investors will sell shares, further impacting stock prices tend to be low.

    H3: The level of the exchange rate significantly influence Kompas 100 Index.

4. Precious metal prices are rising will attract investors to invest in precious metals. As a result of investment into stocks diminish, or even investors will sell shares they own to buy precious metals, so that the stock price will likely decrease.

H4: Precious metal prices influence significantly to the Kompas 100 Index.

6. RESEARCH METHODOLOGY

In this study, the data used is secondary data. The subjects of this study is a publicly listed company on the Indonesian Stock Exchange index included in the Compass 100. The company entered the Compass 100 Index of 100 companies, which assessed per semester, so for this study were drawn on data from January 2012 - December 2016.

7. DATA ANALYSIS METHOD

Testing data on the research is done by using SPSS software (Statistical Package for the Social Science) version 22, while the data analysis tools used were descriptive statistics, the classic assumption test, correlation coefficient analysis, test multiple linear regression analysis, and hypothesis testing.

8. RESEARCH RESULT

Data obtained from the processing / measurement of various free variables: inflation, BI Rate, USD-IDR exchange rate, the price of precious metals and the dependent variable Kompas 100 index consists of 100 companies going public on the Indonesian Stock Exchange.

8.1. Correlation Test

Table 1.1
Correlations

		INDEKS_KOMPAS 100	BI_Rate	Inflation	Exchange Rate	Gold Price
Pearson Correlation	KOMPAS_100 Index	1.000	.067	.067	.419	.009
	BI_Rate	.067	1.000	1.000	.386	−.605
	Inflation	.067	1.000	1.000	.386	−.605
	Exchange Rate	.419	.386	.386	1.000	.025
	Gold Price	.009	−.605	−.605	.025	1.000
Sig. (1–tailed)	KOMPAS_100 Index	.	.306	.306	.000	.472
	BI_Rate	.306	.	.000	.001	.000
	Inflation	.306	.000	.	.001	.000
	Exchange Rate	.000	.001	.001	.	.425
	Gold Price	.472	.000	.000	.425	.
N	KOMPAS_100 Index	60	60	60	60	60
	BI_Rate	60	60	60	60	60
	Inflation	60	60	60	60	60
	Exchange Rate	60	60	60	60	60
	Gold Price	60	60	60	60	60

Source: Results of SPSS method of Enter

Based on table 1.1 shows the correlation of each independent variable on the dependent variable:

1. The correlation between the BI Rate by Kompas 100 Index is not significant because the significant value of 0.306 > 0.05.

2. The correlation between inflation and Kompas 100 Index is not significant because the significant value of 0.306 > 0.05.

3. The correlation between the exchange rate of IDR / USD with Kompas 100 index significantly because of significant value 0.000 > 0.05 with a correlation value of 0419, a strong correlation with the positive direction. If the exchange rate to strengthen the Compass 100 index rose.

4. The correlation between the price of gold by Kompas 100 Index is not significant because the significant value of 0.472 > 0.05

9. DETERMINATION TEST

The coefficient of determination can be seen in the value of Adjusted R Square that shows how large independent variables can explain the dependent variable.

Table 1.2
Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.583[a]	.340	.292	79.4479195	.393

(*a*) Predictors: (Constant), EMAS, KURS, INFLASI, BI_RATE
(*b*) Dependent Variable: INDEKS_KOMPAS_100

Table 1.2 shows that the value of Adjusted R Square of 0,29,2 or 29.2%, which means inflation, BI Rate, USD-IDR exchange rate, the price of precious metals can influence Kompas 100 Index by 29.2%. The remaining 70,8% is influenced by other variables outside the research variables such as oil prices, income per capita and others.

9.1. Multiple linear regression test

Analysis model used in this research is multiple linear regression analysis model. Model this is used to determine the extent of the influence of the independent variables on the dependent variable with the following equation:

The interpretation of the regression equation above as follows:

1. Constants: 653 807 if the BI Rate, inflation, foreign currency exchange rates (IDR / USD) and the price of gold is zero then the Kompas 100 Index is worth 653 807.

2. The regression coefficient BI Rate variable = – 0,380apabila inflation, foreign currency exchange rates (IDR / USD) and the price of gold is worth zero, if the BI Rate rises 1 unit then Kompas 100 Index going down 0.380, and vice versa. Effect of BI Rate was not significant.

3. The regression coefficient inflation variable = + 0.312 , if the BI Rate, rate IDR / USD and gold price is zero if inflation rose by 1 unit, Kompas 100 Index will rise by 0,312, and vice versa. Significant effects of inflation.

4. The regression coefficient exchange rate IDR / USD = 0.025 when the BI Rate, inflation and the price of gold is worth zero if rate IDR / USD rose 1 point, the Compass 100 Index will rise by 0,025, and vice versa. Effect of exchange rate IDR / USD positive.

5. The regression coefficient gold price variable = + 0,001, if the BI Rate, inflation and exchange rate IDR / USD is zero if the price of gold increased by 1 unit, Kompas 100 index will fall by 0.001 vice versa. Effect of gold prices is not significant.

Table 1.3
Linier Regression

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1.	(Contant)	653.807	178.538		3.662	.001
	BI_Rate	−.380	.271	−.293	−1.406	.165
	Inflation	.312	.086	.507	3.636	.001
	Exchange Rate	.025	.009	.437	2.734	.008
	Gold Price	.001	.000	.103	.742	.461

Based on table 1.3 the linear regression equation as follows:

$$Y \text{ Kompas 100 Index} = 653.807 - 0380 \text{ BI Rate} + 0.312 \text{ Inflation}$$

$$+ 0,025 \text{ Exchange rate IDR/USD}$$

$$- 0,001 \text{ Gold Price}$$

10. CONCLUSION

Based on the research results can be concluded that - as follows:

1. BI Rate and gold prices did not affect the Kompas 100 Index.
2. The inflation rate and the exchange rates that were selected in the exchange rate of USD / IDR significant influence with the positive direction of the Kompas 100 Index.

10.1. Managerial Implications

1. Companies belonging to the Compass 100 Index should consider the variable inflation and exchange rate USD / IDR, because these variables significantly influence Kompas 100 Index.

2. As for potential investors or stock investor is expected to make the variables mentioned above as a basis for consideration in the decision if it will invest in stocks, especially in companies belonging to the Compass 100 Index.

10.2. Research Limitations

1. The data used in this research is secondary data on macroeconomic variables (BI Rate, Inflation, exchange rate USD / IDR and the price of gold)

2. Relatively short observation period for the years   2012-2016.

3. The number of samples is relatively small and only 100 companies.

10.3. Suggestion

1. Researchers further should add other macro variables such as oil prices, income per capita, the level of gross national opinion that more comprehensive research results (Juanita Bias Dwialesi, Ni Putu Ayu Darmayanti, 2016); (Tanjung, Princess R. S. 2014).

2. In addition to macroeconomic variables, can also be other variables outside Indonesia as conditions index for the current international market in the era of globalization there is no restriction information (Evendy, Ria F. I., Deannes Isynuwardhana. 2015); (Rusliati, Ellen, Syarah Nurul F. 2011.); (Sembiring, Lois A., Fauzie Sharif. 2012).

3. Adding sample, so it is not only companies belonging to the Compass 100 Index (Hismendi, Abubakar Hamza, Said Musnadi. 2013)

4. Extending the period of study.

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