

Effect of Exchange Rate and Global Index in Five Countries Against CSPI

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Abstract : This study aimed to determine the correlation between Exchange Rate and Global Index on Composite Stock Price Index in Indonesia Stock Exchange in 2014-2019 partially and simultaneously. Exchange Rate and Global Index is proxied by five countries namely Hong Kong, Japan, USA, Singapore, and China. The data used is secondary data obtained through the Official Website of Bank Indonesia for variable Exchange Rate, Official Website Yahoo Finance and Official Website Investing.com for variable Global Index. The methods of data analysis used is multiple linear regression. The results showed that the HKD, JPY, USD, SGD, CNY, and STI partially insignificant on CSPI, as well as HSI and DJIA partially positive effect significant on CSPI, while N225 and SSEC partially negative effect significant on CSPI. Simultaneously, all the variables have a significant effect by influencing by 93.9% while the remaining 6.1% is explained by other variables not examined in this study.

Keywords: Exchange Rate, Global Index, Composite Stock Price Index.

INTRODUCTION

The present war is not a war to take up arms, but the war in the economic sector. Who else if it is not the world's economic superpower, namely the United States and China. Indonesia as a developing country with a large population would have been very dependent on countries with very good economy, including the two countries that have been mentioned above. Remember that the Indonesian exporter of raw commodities, then the dispute will affect both the breakdown of exports to these countries.

This trade war arise because of the presence of symptoms and the development of the world economy and the problem of the structure of competition in the country's political world. Where each country is trying to be superior compared to other countries, including in the framework of the welfare of its people. Trade war is a manifestation of tension economic conflict is feared because it can affect a variety of other dimensions or ends on a real economic war.

This trade war ultimately affect not only for Indonesia to the two countries but also a variety of Indonesian economy in it and also Indonesia's relationship with the global financial markets. Where Indonesia should be careful in controlling the Interest Rate, Inflation, Debt

Policy, Customs Tariff Import, Improved Quality of Human Resources, Infrastructure Development Target, Optimization Role of Research & Development, Investment Promotion and various other things.

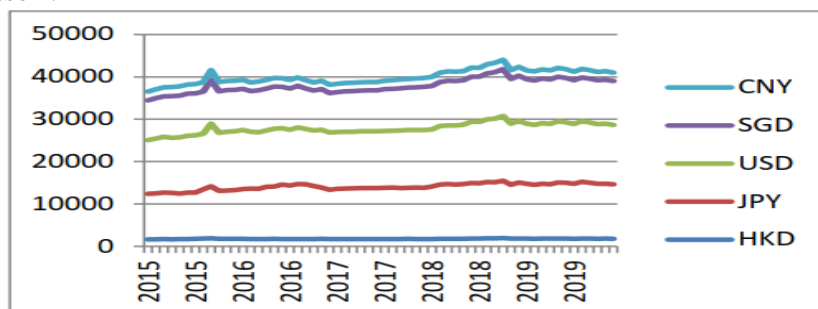
This in turn will affect the Indonesian economy for the better, if done right. However, doing so also is not easy to recall that Indonesia is still filled with pressures from other countries are more powerful and influential, include regarding capital markets.

The capital market is the set of public funds in addition to banking that has a function as a meeting place for buyers and sellers of capital with the risk of profit or loss. With the capital markets, then those who have surplus funds to invest these funds in the hope of profit (return) in the form of dividends, contrary to the Issuer (the company) can obtain the funds without waiting for the operating activities of the company (Wardiyah, 2017: 14).

Composite Stock Price Index (CSPI) is one index that is often used on the Indonesia Stock Exchange to see the stock market and its development in Indonesia. In addition to CSPI, there are many types of indices used in the capital market in Indonesia such as Jakarta Islamic Index (JII), LQ45, and so on.

There are many factors that affect the fluctuation CSPI apart from stock capitalization to micro and macro economic problems that have been alluded to earlier. Micro-economic factors, among others Earning Per Share (EPS), the book value per share, Debt Equity Ratio (DER) and other financial ratios. While there are macro factors that are economic and non-economic. Macro factors often associated with the non-economic issues both domestic and international political, social and legal issues. The economic macro factors such as the Gross Domestic Product (GDP), the country's currency exchange rate, the price of gold and oil, inflation rates, interest rates and so on. Based on data from Yahoo Finance is known that at the end of the closing of December 31st 2019, the best performing index in Southeast Asia was occupied by Vietnam (+8.12%), second Singapore (+5.01%), third Philippines (+4.68%), fourth Indonesia (+ 1.7%), and fifth Thailand (+0.99%). In contrast, the Malaysian index being the worst with a decline of 4.43% not only in Southeast Asia but also Asia Pacific. Meanwhile, with the performance of the stock market in Asia Pacific region, CSPI only get 11th rank. The best performance stock market in Asia Pacific achieved by Taiwan (+23.91%), followed by China (+21.90%), Australia (+21.23%), Hong Kong (+9.57%), Japan (+18.20%), India (+15.14%), and South Korea (+7.67%).

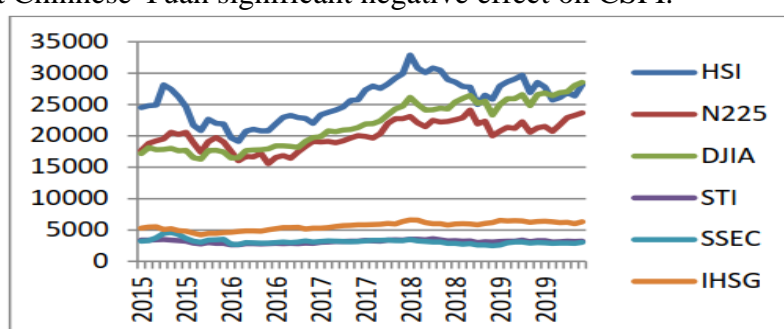
The author chose to do research with the projection of the five countries, namely United States and China as the grounds of economy superpower in the world, Singapore as the closest regional (in context of Southeast Asia) in the process of moving, as well as Hong Kong and Japan as a representative of Asia Pacific and is often involved in cooperation with Indonesia. This study differs from previous studies because the author is not only projecting from the state-owned index but also the exchange rate of the rupiah against the country due to authors believe that the exchange rate against other countries affect the index which is owned by a country itself.



Graph 1. Exchange rate of Rupiah against HKD, JPY, USD, SGD, and CNY during the year 2015-2019

According to the official website of Bank Indonesia (www.bi.go.id) Since 1997, Indonesia began to implement a floating exchange rate system or a floating exchange rate. The system is the determination of the exchange rate of foreign currencies, especially the USD exchange rate which is fully determined by market forces or supply and demand in the foreign exchange market. Bank Indonesia as the monetary authority can not intervene to control these movements.

Results of research conducted by Murtini & Septivanie (2016) which showed that Japanese Yen positive and significant impact on CSPI, research Bella & Ari (2018), R. Safiroh Febrina, et al. (2018), Fatus All Anati, et al. (2018), Winda Wulandaeri, et al. (2019), Sulaiman & Erwin (2017) which showed that the United States Dollar negative and significant effect on CSPI, while research Murtini & Septivanie (2016), Armelia & Yudhinanto (2018), H. & M. Yunanto Medyawati (2016), which shows that the United States Dollar positive and significant impact on CSPI, as well as research conducted by Murtini & Septivanie (2016) which showed that Chinese Yuan significant negative effect on CSPI.



Graph 2. Global Stock Price Index and Composite Stock Price Index per month during the year 2015-2019

Contagion Effect Theory embraced the theory which states that a country's economic conditions will affect the economy of other countries. This is supported by research conducted by Budi Priyono (2019) which stated that the Shanghai Stock Exchange Composite positive and significant impact on CSPI, research Bella & Ari (2018) which states Straits Times Index a significant negative effect on CSPI, R. Safiroh research Febrina et al. (2018) which states Straits Times Index and the Dow Jones Industrial Average positive and significant impact on CSPI, and the Nikkei 225 Tokyo and Shanghai Stock Exchange Composite significant negative effect on CSPI, and various other studies that support the occurrence of influence between the index of one country to other countries.

LITERATURE REVIEW

Exchange Rates

The exchange rate is influenced by several factors such as the level of domestic interest rates, inflation, and central bank intervention on the currency market if necessary. The exchange rate is better known by the exchange rate, have an important role in the framework of monetary stability and in supporting economic activity. A stable exchange rate is needed to achieve a business climate conducive to the improvement of the business world. To maintain exchange rate stability, the central bank at certain times to intervene in foreign exchange markets, especially in times of turmoil excessive. Economists distinguish between the exchange rate into two: the nominal exchange rate and the real exchange rate. The nominal exchange rate (the nominal exchange rate) is the relative price of currencies of two countries.

Global Financial Markets

The global market is broad-based financial market of the world. The market opportunity is always open to all business activities and investments, usually some very

strong economies can dominate a large market capitalization stocks both at the regional, multilateral and global.

Composite Stock Price Index

Composite Stock Price Index is a stock price index figure has been calculated and are constructed so as to generate a trend, where the index number is a number that is processed in such a way that it can be used to compare the incidence of changes in stock prices over time. The index in the capital markets is affecting the portfolio investment activities that will be undertaken by the investor. Profit increased at CSPI will increase the investment portfolio will be made by investors to increase investment in companies listed on the stock exchange through the information that has been received by the investors of the securities in the stock exchange through rate profit expected by investors from year to year. (Fatus All Anati, et al., 2018)

Framework

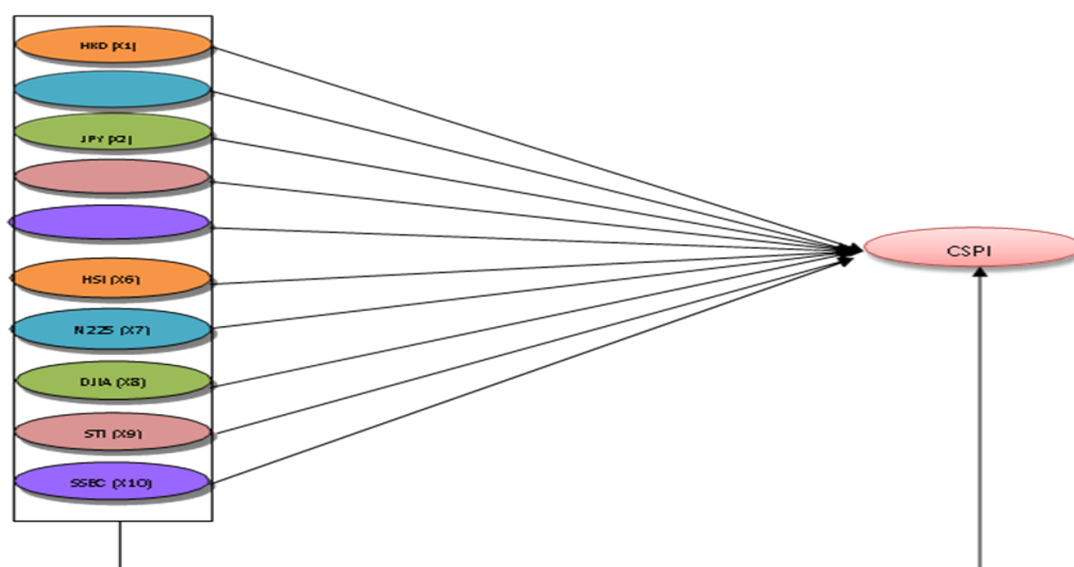


Figure 1. Framework

Information:

1. HKD = Exchange Rate against Hong Kong Dollar
2. JPY = Exchange Rate against Japanese Yen
3. USD = Exchange Rate against the United States Dollar
4. SGD = Exchange Rate against Singapore Dollar
5. CNY = Exchange Rate against Chinese Yuan
6. HSI = Hang Seng Index
7. N225 = Tokyo's Nikkei 225
8. DJIA = The Dow Jones Industrial Average
9. STI = Straits Time Index
10. SSEC = *Shanghai Stock Exchange Composite*
11. CSPI = Composite Stock Price Index

Based on the regression equation framework can be made as follows:

$$\text{CSPI} = b_1X_1 + b_2X_2 + b_3X_3 + b_4X_4 + b_5X_5 + b_6X_6 + b_7X_7 + b_8X_8 + b_9X_9 + b_{10}X_{10} + \text{error}$$

Hypothesis

- H₁ : Exchange Rate against Hong Kong Dollar positive effect on CSPI
H₂ : Exchange Rate against Japanese Yen positive effect on CSPI
H₃ : Exchange Rate against United States Dollar insignificant effect on CSPI
H₄ : Exchange Rate against Singapore Dollar negative effect on the CSPI
H₅ : Exchange Rate against Chinese Yuan insignificantly effect the CSPI
H₆ : The Hang Seng Index positive effect on the CSPI
H₇ : The Nikkei 225 Tokyo negative effect of the CSPI
H₈ : The Dow Jones Industrial Average positive effect of the CSPI
H₉ : The Straits Times Index positive effect on the CSPI
H₁₀ : The Shanghai Stock Exchange Composite negative effect on the CSPI
H₁₁ : Hong Kong Dollar (X₁), Japanese Yen (X₂), United States Dollar (X₃), Singapore Dollar (X₄), Chinese Yuan (X₅), the Hang Seng Index (X₆), the Nikkei 225 Tokyo (X₇), the Dow Jones Industrial Average (X₈), the Straits Times Index (X₉), and the Shanghai Stock Exchange Composite (X₁₀) simultaneously effect on the CSPI

RESEARCH METHODOLOGY

Type and Design Research

The method used in this research is descriptive and causality. Descriptive research method is useful to obtain information or a description of the condition of a study, while the causality research method is a method that focuses on the impact of changes in a case against a fact which has been there before. In other words, the study of causality is useful to improve the system, or the fact that there has been for the better.

The design for this research generally uses quantitative methods. Sampling was conducted using a sampling technique Non-Probability Sampling. The sampling technique used is saturated sampling. Time Horizon used is a time series in which the retrieval of data or information collected in a time series on a monthly basis starting from January 1st, 2015 until December 31, 2019. The data used is secondary data obtained through the Official Website of Bank Indonesia (www.bi.go.id) for variable Rupiah Exchange Rate (against HKD, JPY, USD, SGD and CNY), Official Website Yahoo Finance (www.finance.yahoo.com) for variable Global Index (HSI, N225, DJIA) and CSPI, Official Website Investing.com (www.investing.com) for the variable other Global Index (STI and SSE), as well as the literature obtained through books, financial statements, or other Internet resources. The number of variables as much as 11 consists of 10 independent variables and 1 dependent variable and the amount of data that is used as much as 660 data.

Mechanical Analysis

Data analysis techniques used in this research is multiple linear regression using SPSS Ver. 22. According to Wati (2018: 141) a regression model will be used for forecasting, a good model is a model with a minimum forecasting errors. To that end, a model must meet some assumptions before use, the assumption is known as the classical assumption, which consists of a test of normality, heteroscedasticity, multicollinearity, autocorrelation and the assumption of linearity.

RESULTS AND DISCUSSION

Here is the result of calculations using SPSS 22:

Normality Test

Table 1. Normality Test		
One-Sample Kolmogorov-Smirnov Test		
	Residual Unstandardized	
	N	60
Normal Parameters	mean	0
	Std. deviation	144.0830162
Most Extreme Differences	Absolute	0.055
	positive	0.051
	negative	-0.055
Test Statistic		0.055
Asymp. Sig. (2-tailed)		.200c, d
a. Test distribution is Normal.		
b. Calculated from data.		
c. Significance Lilliefors Correction.		
d. This is a lower bound of the true significance.		

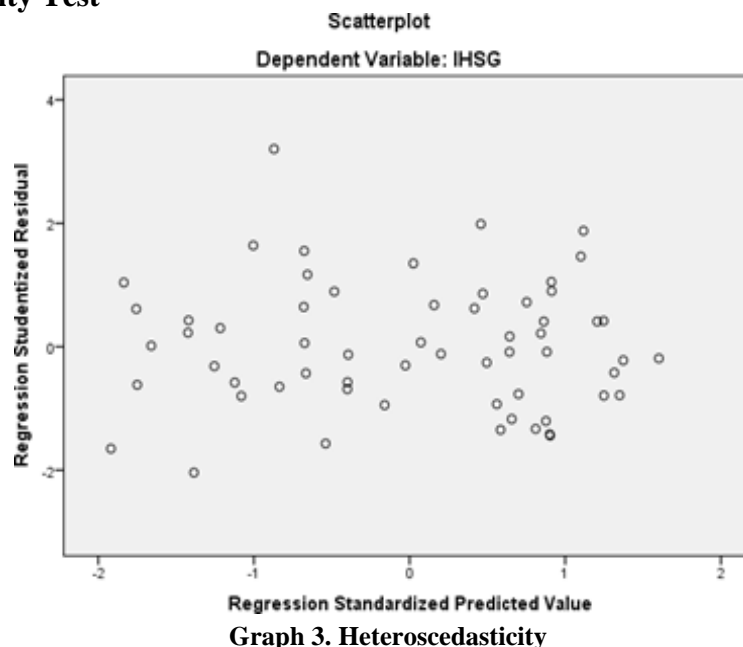
Source: SPSS Data Processed, 2020

From the table above it can be concluded that the value Asymp. Sig (2-tailed) = 0.200 > 0.05 means that a normal distribution of data.

Multicollinearity Test

From the table above it can be seen that the VIF for two variables (CNY and SSEC) has a value of less than 10, while 8 other variables have a VIF greater than 10. This shows that there is multicollinearity in regression models. This is also confirmed by the Tolerance value of two variables (CNY and SSEC) has a value greater than 0.1, while eight other variable has a value of Tolerance is less than 0.1. It can be concluded that the regression model, there are symptoms multicollinearity. However, it will not be a problem given that the correlation between the independent variables that could have a powerful and influence each other.

Heteroscedasticity Test



From the scatterplot graph above shows that the dots randomly spread and spread both above and below the number 0 on the Y axis It can be concluded that there are no symptoms heterokedastisitas on this regression model.

Autocorrelation Test

Table 2. Autocorrelation Test

Model Summary					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.975a	.950	.939	158.10324	1.668

a. Predictors: (Constant), SSEC, N225, CNY, STI, JPY, USD, HSI, SGD, HKD, DJIA

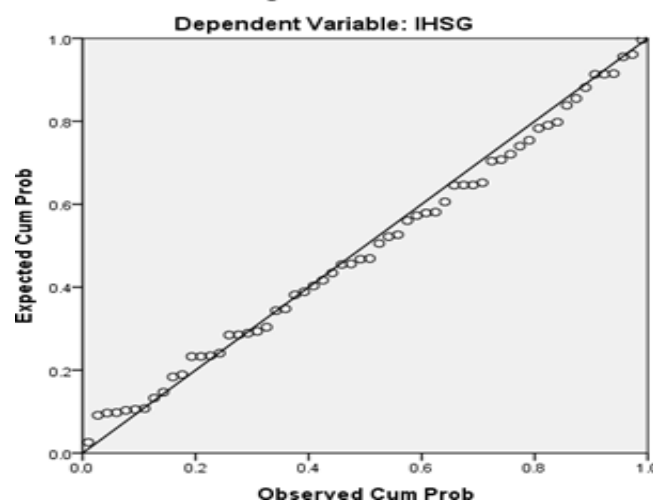
b. Dependent Variable: CSPI

Source: SPSS Data Processed, 2020

From the table above it can be seen that the Durbin-Watson value calculation result is 1,668. Where scores fall between -2 to +2 so that we can conclude there is no autocorrelation.

Assumption of Linearity

Normal P-P Plot of Regression Standardized Residual



Graph 4. Assumption of Linearity

From the *ScatterPlot* graph above it is known that the analyzed variables follow a straight line so that certainty of increasing or decreasing the quantity of one unit in one of the variables will be followed linearly by the increase or decrease Other variables.

Coefficient of The Determination

Table 4. Coefficient of The Determination

Model Summary					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.975a	.950	.939	158.10324	1.668

a. Predictors: (Constant), SSEC, N225, CNY, STI, JPY, USD, HSI, SGD, HKD, DJIA

b. Dependent Variable: CSPI

Source: SPSS Data Processed, 2020

From the coefficient of the determination shown in the table above, the Adjusted R Square value of 0939. It shows that of 93.9% of dependent variables can be described by independent variables while the remaining 6.1% is described by other variables that are not examined in this study.

Partial Hypothesis Testing (t test)

Table 5. t test

Coefficients					
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	5267.657	1385.986		3.801	.000
HKD	.866	1.612	.087	.537	.594
JPY	-.121	.098	-.144	-1.236	.222
1 USD	-.008	.163	-.007	-.047	.962
SGD	-.074	.237	-.050	-.314	.755
CNY	-.989	.727	-.137	-1.361	.180
HSI	.135	.030	.681	4.567	.000
N225	-.158	.040	-.534	-3.948	.000
DJIA	.142	.030	.837	4.694	.000
STI	.214	.285	.079	.750	.457
SSEC	-.259	.102	-.160	-2.543	.014

a. Dependent Variable: CSPI

Source : SPSS Data Processed, 2020

The t table calculation for this study is calculated at a significance of 5% (two tailed) with $df = n - K - 1$, where n is the number of samples and K represents the number of free variables. Then $df = 60 - 10 - 1 = 49$ So it obtained t value of table by 2.0095.

Multiple Linear Regression Analysis

It can be formulated regression equations that formed are:

$$CSPI = 5267.657 + 0.866 \text{ HKD}^{\wedge} - 0.121 \text{ JPY}^{\wedge} - 0.008 \text{ USD}^{\wedge} - 0.074 \text{ SGD}^{\wedge} - 0.989 \text{ CNY}^{\wedge} + 0.135 \text{ HSI} - 0.158 \text{ N225} + 0.142 \text{ DJIA} + 0.214 \text{ STI}^{\wedge} - 0.259 \text{ SSEC} + \text{error}$$

\wedge = Not Significant

The value constants of 5267.657 which means if HKD, JPY, USD, SGD, CNY, HSI, N225, DJIA, STI, and SSEC are equal to zero then the rate is positive by 5267.657. The resulting of value independent variable indicates an increase or decrease on the SCPI value if the other independent variable are held constant. The regression equation shows direction of each independent variable to dependent variabel. HKD, HSI, DJIA, and STI has a positive influence direction to the SCPI. Meanwhile, JPY, USD, SGD, CNY, N225, and SSEC has a negative influence to the SCPI.

Influence of Hong Kong Dollar on the Composite Stock Price Index

The Hong Kong Dollar variable has a calculated t value = 0537 where T counts < t table = 2.0095 and the value of sig. = 0594 > 0.05, it can be concluded to accept H₀ and reject Ha₁ which means Hong Kong Dollar variable is insignificant effect on the CSPI.

Influence of Japanese Yen on the Composite Stock Price Index

A variable Japanese Yen has a value of t count = -1,236 where T counts < t table = 2.0095 and the value of sig. = 0222 > 0.05, it can be deduced to accept H₀ and reject Ha₂ which means a Japanese Yen variable is insignificant effect on the CSPI. The results of this study are contrary to the research conducted by Murtini & Septivanie (2016) which shows that Japanese Yen has a significant positive effect on the CSPI.

Influence of United States Dollar on the Composite Stock Price Index

The variable United States Dollar has a value of t count = -0047 where T counts < t table = 2.0095 and the value of sig. = 0962 > 0.05, it can be deduced to accept H₀ and reject

Ha3 which means United States Dollar variable is insignificant effect on the CSPI. The results of this study contradict the research conducted by Bella & Ari (2018), R. Safiroh Febrina, et al. (2018), Fatus All Anati, et al. (2018), Winda Wulandaeri, et al. (2019), Sulaeman & Erwin (2017) who showed that the United States Dollar was negatively and significantly effect in the CSPI. As well as research done by Murtini & Septivanie (2016), Armelia & Yudhinanto (2018), H. Medyawati & M. Yunanto (2016) which shows that the United States Dollar has a positive and significant effect on the CSPI. The results of this research are in line with research conducted by research conducted by Riskin Hidayat (2016), Luh Gede Sri Artini, et al. (2017), Budi Priyono (2019) which shows that the United States Dollar has a negative and insignificant effect on the CSPI.

Influence of Singapore Dollar on the Composite Stock Price Index

The Singapore Dollar variable has a value of t count = -0.314 where T counts < t table = 2.0095 and the value of $\text{sig.} = 0.755 > 0.05$, it can be deduced to accept H_0 and reject H_{a4} which means Singapore Dollar variable is insignificant effect on the CSPI variable.

Influence of Chinnese Yuan on the Composite Stock Price Index

The Chinnese Yuan variable has a value of t count = -1.361 where T counts < t table = 2.0095 and the value of $\text{sig.} = 0.180 > 0.05$, it can be deduced to accept H_0 and reject H_{a5} which means Chinnese Yuan variable is insignificant effect on the CSPI variable. The results of this study contradict the research conducted by Murtini & Septivanie (2016) indicating that Chinnese Yuan has a significant negative influence on the CSPI. The results of this study supported the research conducted by Budi Priyono (2019), which shows that Chinnese Yuan is insignificant to the CSPI, but the research has been positively influential while in this research the results obtained are negative.

Influence of the Hang Seng Index on the Composite Stock Price Index

The Hang Seng Index variable has a calculated t value = 4.567 where T counts > T table = 2.0095 and the value of $\text{sig.} = 0.000 < 0.05$, it can be concluded to reject H_0 and accept H_{a6} which means the Hang Seng Index variable has a significant effect on the CSPI variable. The results of this research in line with the research conducted H. Medyawati & M. Yunanto (2016), Armelia & Yudhinanto (2018) showed that Hang Seng Index was positive and significant to the CSPI. As well as opposed the research done by Dyah & Nadia (2017) indicating that Hang Seng Index has no effect on the CSPI.

Influence of the Nikkei 225 Tokyo on the Composite Stock Price Index The Nikkei 225 Tokyo variable has a value of t count = -3.948 where T counts < t table = 2.0095 and the value of $\text{sig.} = 0.000 < 0.05$, it can be deduced to reject H_0 and accept H_{a7} which means the variable Nikkei 225 Tokyo has a significant effect on the CSPI. The results of this research in line with the research conducted by Riskin Hidayat (2016), Dyah & Nadia (2017) which shows that the Nikkei 225 Tokyo has a positive and significant effect on the CSPI. As well as opposed the research conducted by R. Safiroh Febrina, et al. (2018), Fatus All Anati, et al. (2018), Winda Wulandaeri, et al. (2019) which suggests that Nikkei 225 Tokyo significantly negatively affect the CSPI, and other research suggests that the Nikkei 225 Tokyo is insignificant to the CSPI by H. Medyawati & M. Yunanto (2016) for negative influence and research of Sulaeman & Erwin (2017) for a positive influence.

Influence of the Dow Jones Industrial Average on the Composite Stock Price Index

The Dow Jones Industrial Average variable has a calculated t value = 4.694 where T counts > T table = 2.0095 and the value of $\text{sig.} = 0.000 < 0.05$, it can be concluded to reject H_0 and accept H_{a8} which means the Dow Jones Industrial Average variable has a significant

effect on the CSPI.

This research is in line with the research conducted by Sulaeman & Erwin (2017), R. Safiroh Febrina, et al. (2018), Fatus All Anati, et al. (2018), Armelia & Yudhinanto (2018) which shows that the Dow Jones Industrial Average has a positive and significant impact on the CSPI.

As well as conflicting research showing that the Dow Jones Industrial Average is not significant to the CSPI by Riskin Hidayat (2016), Luh Gede Sri Artini, et al. (2017) for negative influences and by Dyah & Nadia (2017) for a positive influence.

Influence of the Straits Time Index on the Composite Stock Price Index

The Straits Time Index variable has a value of t count = 0750 where T counts < t table = 2.0095 and the value of $\text{sig.} = 0457 > 0.05$, it can be concluded to accept H_0 and reject H_{a9} which means that the Straits Time Index variable is insignificant effect on the CSPI variable.

The results of this study contradict the research conducted by Bella & Ari (2018), R. Safiroh Febrina, et al. (2018), Luh Gede Sri Artini, et al. (2017), Sulaeman & Erwin (2017) who showed that Straits Times Index was positively influential and significant to the CSPI. As well as supporting the results of research conducted by Budi Priyono (2019) shows that Straits Times Index has no significant effect on the CSPI.

Influence of the Shanghai Stock Exchange Composite on the Composite Stock Price Index

The variable Shanghai Stock Exchange Composite has a value of t count = -2,543 where T counts < t table = 2.0095 and the value of $\text{sig.} = 0.014 < 0.05$, then it can be deduced to reject H_0 and accept H_{a10} which means the variable Shanghai Stock Exchange Composite has a significant effect on the CSPI. The results of this study are in line with the research conducted by R. Safiroh Febrina, et al. (2018) which shows that the Shanghai Stock Exchange Composite has a significant negative impact on the CSPI.

Opposed to the research conducted by Budi Priyono (2019) which shows that the Shanghai Stock Exchange Composite has positive and significant effect on the CSPI. As well as research conducted by Riskin Hidayat (2016), Luh Gede Sri Artini, et al. (2017), Sulaeman & Erwin (2017) who showed that the Shanghai Stock Exchange Composite had a negative and insignificant effect on the CSPI.

Simultaneous Hypothesis Testing (F test)

Table 6. F test

ANOVA						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	23104039.255	10	2310403.926	92.429	.000b
	Residual	1224835.018	49	24996.633		
	Total	24328874.273	59			

a. Dependent Variable: CSPI

b. Predictors: (Constant), SSEC, N225, CNY, STI, JPY, USD, HSI, SGD, HKD, DJIA

Source: SPSS Data Processed, 2020

The F table for this study is calculated at a significance of 5% with $df_1 = k - 1$ and $df_2 = n - k$, where n is the number of samples and k represents the total number of variables. Then $df_1 = 11 - 1 = 10$ and $df_2 = 60 - 11 = 49$ so the obtained F table by 2.03028. From the table above can be known that the F count (92,429) > F table (2.03028) and the sig value. = $0.000 < 0.05$, it can be concluded that the Rupiah exchange rate (against Hong Kong Dollar, Japanese Yen, United States Dollar, Singapore Dollar, Chinese Yuan) and Global Index (the Hang Seng Index, the Nikkei 225 Tokyo, the Dow Jones Industrial Average, the Straits

Time Index, and the Shanghai Stock Exchange Composite) have significant simultaneous influence on the Composite Stock Price Index.

CONCLUSIONS AND RECOMMENDATIONS

Conclusions

Based on analysis data and discussion results, it can be concluded as follows:

1. Hong Kong Dollar (X1), Japanese Yen (X2), United States Dollar (X3), Singapore Dollar (X4), Chinese Yuan (X5), and Straits Time Index (X9) partially insignificant on the CSPI.
2. The Hang Seng Index (X6) and the Dow Jones Industrial Average (X8) partially positive effect significant on the CSPI.
3. The Nikkei 225 Tokyo (X7) and the Shanghai Stock Exchange Composite (X10) partially negative effect significant on the CSPI.
4. Hong Kong Dollar (X1), Japanese Yen (X2), United States Dollar (X3), Singapore Dollar (X4), Chinese Yuan (X5), the Hang Seng Index (X6), the Nikkei 225 Tokyo (X7), the Dow Jones Industrial Average (X8), the Straits Time Index (X9), and the Shanghai Stock Exchange Composite (X10) simultaneously effect the Composite Stock Price Index. This result is described from the finished test result where Adjusted R Square amounted to 0.939. This indicates that a 93.9% dependent variable can be described by an independent variable while the remainder of the 6.1% is described by another variable that is not researched in this study and is known that the F count (92,429) > F table (2.03028) and the value sig. = 0.000 < 0.05 so that all independent variables are jointly or simultaneously significant to the dependent variable

Recommendations

Based on the above conclusion, the author provides the following advice:

For Investors

1. For investors who will conduct investment transactions in the Indonesia Stock Exchange will be better if looking at the movements of each change. Either micro or macro. Both economic and non-economic. As a matter of fact, a small change will have an impact on other changes.

For Government

2. Further increasing cooperation in investment with other countries, it aims to encourage capital inflows to Indonesia. But it still needs to be supervised to avoid being ruled by foreigners.
3. Strive to become a self-reliant country that does not rely on other countries by realizing the various potential owned by the Indonesian state and change it to be better to compete with other countries.
4. To improve the welfare of the lower class community such as socialization and training, working capital loans, tax reduction, school development, etc to avoid social inequality. The author believes that Indonesia is able to become a developed country when its people also have quality human resources.

For Further Research

5. For further research can use the daily data of the stock price index and extend the period of study to get more accurate research results.
6. For the use of the rupiah exchange rate can use the middle value to see from the different side.
7. This research is conducted by selecting a random country which is considered to have more proximity to Indonesia than other countries. Therefore, future research is expected in order to focus on one of the regions such as Southeast Asia's best indices, Asia Pacific's best indices, or the best indices in the world in order to know what strategies

can be prepared to compete with others.

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