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The Influence of Macroeconomic Factors on The Indonesia Stock Price Index in the Consumer Goods Sector

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ABSTRACT

The capital market plays a crucial role in supporting the economic cycle, as it enables individuals with excess capital to match those who need it. The capital market can be used as an investing-absorbing instrument and as a tool to strengthen the financial position. In reality, the capital market has assumed the role of a financial nerve in the contemporary global economy. The purpose of this study is to determine the macroeconomic factors on the Indonesia Stock Price Index at the sub-sector of the cosmetic and household industry. Specifically, this study aims to investigate the effects of inflation, the Central Bank of Indonesia's rate, exchange rate, gold prices, and economic growth on the Indonesia Stock Price Index sub-sector of the cosmetic and household industry for the period of 2019-2021. As for methodology, secondary data were collected from the official websites of the Indonesia Stock Exchange, the Central Bank of Indonesia, and the Financial Services Authority. Using a multiple regression analysis tool, the data were processed. The findings revealed that inflation, the Central Bank of Indonesia rate, and gold prices have a significant impact. In contrast, exchange rate and economic growth do not have a substantial effect on the Indonesian Stock Price Index sub-sector of the cosmetic and household industry. Stakeholders should monitor inflation, Central Bank of Indonesia rates, and gold prices, while further research explores other macroeconomic factors and sectors.

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1. INTRODUCTION

The capital market plays a crucial role in supporting the economy, as it enables individuals with excess funds to match those who need them. In addition, the capital market gives the government the ability to raise long-term capital for the nation's economic growth, provides international businesses with a way to issue financial securities, and gives locals a way to acquire stock in companies (Nigeria Business Plan, 2023).

The capital market has had a significant impact on the economy of a specific country, serving two essential functions: the economic function and the financial function. To accomplish its economic function, the capital market provides a forum for two parties, such as investors and issuers, to accommodate their respective needs, where investors can invest funds to obtain higher returns, and issuers can utilize those funds for investment purposes (Alisa et al., 2024; Amanda et al., 2023). Due to its significance, the capital market, as reflected in a composite stock price index, has become a leading indicator in the Indonesian economy. Concurrently, for financial function, the capital market provides opportunities for investors to attain returns through financial instruments such as stocks, bonds, mutual funds, and others (Handayani & Oktavia, 2018).

In this contemporary era, investment in the capital market has become a significant role to play as an economic mobilizer, aligned with the sophisticated development of technology. The last decade has witnessed the rise of complexity economics as a powerful method for understanding the key variables that influence economic

growth. Economic challenges, including inequality, technological change, and economic development, have all been studied using the idea of economic complexity (Botta et al., 2022). Economic complexity measures the extent to which an economy has developed and is pertinent to how it produces and distributes revenue (Hartmann et al., 2017). The improvement of economic conditions can be a significant indicator for all industry sectors, particularly the consumer goods industry. It is undeniable that companies in the consumer goods sector have a substantial impact on product supply. The consumer goods industry has a promising outlook, given the growing role of middle-class households in the Indonesian economy. The macroeconomic environment has a significant impact on a company's day-to-day operations. Fluctuations or developments that occur in various economic variables of a country will influence the capital market.

The correlation value between the money supply and the capital market is positively marked, indicating that as the money supply increases, the composite stock price Index will also increase. It shows that the money supply is directly proportional to the composite stock price index. Changes in the value of the composite stock price index are entirely influenced by the money supply and interest rate (Alisa et al., 2024; Simu et al., 2023; Suhartini & Widoatmojo, 2021). A survey by CNBC Indonesia indicates that the performance of the consumer goods industry sector on the Indonesia Stock Exchange is getting bleaker. Since the beginning of the year, its performance has declined by almost 20 percent, based on 2019 stock exchange data.

The Central Bureau of Statistics reported that household consumption growth was not significant in the third quarter of 2019, increasing by only 5.01 percent year-over-year. The deceleration of people's consumption levels has a negative effect on stock growth, especially in the consumer goods sector. In the first quarter of 2020, the Financial Services Authority reported that the stock market, particularly the consumer goods sector, declined by 19.7 percent. At the end of November 2022, the stock market also faced a 0.25 percent decline, indicating that the value of investment in Indonesia has not strengthened for three consecutive years. Changes in the Jakarta Stock Price Index always accompany changes in macroeconomic conditions (Prawoto & Putra, 2020). During the COVID-19 pandemic, investors have tended to seek out bonds with short-term tenors, as they are perceived to carry reduced risk when monetary policy is intended to be normalized. Therefore, the objective of this research is to determine the influence of macroeconomic variables on the value of the Indonesian stock price index in the sub-sectors of cosmetics and households.

2. RESEARCH METHOD

2.1. Scope of the Study

This research aimed to determine the influence of macroeconomic variables on the value of the Indonesian stock price index in the sub-sectors of cosmetics and household goods. As previously mentioned, macroeconomic and capital market values are closely linked. This study will discuss in depth how each of these macroeconomic variables affects the capital market, specifically the cosmetics and household industries, and how deeply this influence impacts capital market growth in Indonesia, particularly from 2019 to 2021. By applying a purposive sampling technique, nine companies listed on the Indonesia Stock Exchange in the cosmetics and household industry from 2019 to 2021 comprise the population of this study. The data for these nine companies was obtained from the official Indonesia Stock Exchange website.

2.2. Significance of the Study

By knowing the influence of macroeconomics on the Indonesia Stock Price Index at the sub-sector cosmetics and household industry, there will be an expansion on the understanding of macro policy and how it impacts all of the elements in economics (Sinaga et al., 2020). This study presents a comprehensive exploration of how each macroeconomic factor, including inflation, the Central Bank of Indonesia's rate, exchange rate, gold prices, and economic growth, plays a significant role in the development of the capital market. This study will elucidate and emphasize the quantitative data regarding the topic through various data calculations, allowing us to gain knowledge based on factual data. Moreover, this study will provide statements and data from previous research as a context for enriching the consideration in this study.

In this regard, this study aims to raise awareness in society and the government about how to behave during economic fluctuations to enhance the investment sector. Furthermore, through the analysis made by this study, readers, as investors and political entities, will have a new approach to deal with the instability and uncertainty of macroeconomic conditions (Pramuditha & Harto, 2022). The overview provided in this study will create fresher paradigms for acting as an element in the capital market through this in-depth analysis.

2.3 Population and Study Sample

In this study, the researcher employed a purposive sampling technique to compare nine companies listed on the Indonesia Stock Exchange between 2019 and 2021 in the cosmetics and household industry, examining how their growth was affected by fluctuations in macroeconomic conditions. This study will measure inflation, the Central Bank of Indonesia's rate, exchange rates, gold prices, and economic growth concerning the Indonesia Stock Price Index sub-sector of cosmetics and household products. The purposive sampling technique was utilized in this study to fulfill the research needs by deliberately selecting a sample.

Table 1. Companies Listed on the Indonesia Stock Price Index Sub-Sector Cosmetics and Household

No.	Code	Name of Company
1	ADES	Ades Waters Indonesia Tbk.
2.	KINO	Kino Indonesia Tbk.
3.	MBTO	Martina Berto Tbk.
4.	MRAT	Mustika Ratu Tbk.
5.	TCID	Mandom Indonesia Tbk.
6.	MYOR	Mayora indah Tbk.
7.	ICBP	Indofood CBP Sukses Makmur Tbk.
8.	VICI	Victoria Care Indonesia Tbk.
9.	UNVR	Unilever Indonesia Tbk

Variables and hypotheses are precisely stated before data collection in quantitative designs, which tend to be more fixed and deductive. The researcher employed a grounded theory method, utilizing quantitative data, which aims to explain the formation of a particular phenomenon. Grounded theory is applied to data analysis on a wide range of linked situations that happened in varied contexts. By using this method, researchers can revise their theories or develop new theories in order to achieve a result (McCombes, 2023). To collect the comprehensive data, researchers use several eligible sources for each variable. Data on inflation and economic growth are from the Central Bureau of Statistics. Data on the Central Bank of Indonesia's Rate and exchange rate are from the Central Bank of Indonesia's official website. Data on gold prices are from the Official Gold Price Website of Indonesia.

3. RESULTS AND DISCUSSIONS

3.1. Results

To address the research objectives and test the variables that affect the Indonesian stock Price, this chapter presents the study's findings based on the test results. The Statistical Package for Social Sciences (SPSS) System was used to analyse this study. A tabular form is used to present all the results. The researcher employed multiple linear regression, classical assumption tests, and descriptive statistics to address the study objectives.

3.1.1. Descriptive Statistics

Using SPSS, descriptive statistics are used to describe or characterise the outcomes of variables (Oliinyk & Kozmenko, 2019). Here, the data points from January 2019 to December 2021 are used. The maximum and minimum values of inflation are 0.06 and 0.00, respectively. Inflation measures the rate of increase in prices of goods and services over time. In this dataset, the minimum observed inflation value was 0.00, indicating periods when prices remained stable or did not increase. The maximum inflation recorded was 0.06, which suggests the highest rate of price increase during the period studied. The Central Bank of Indonesia rate refers

to the interest rate set by the Central Bank of Indonesia. It influences borrowing costs, economic growth, and inflation. The data show that the Central Bank of Indonesia's rate ranged from 1.72 to 6.44. A lower Central Bank of Indonesia rate typically stimulates economic growth by making borrowing cheaper. In comparison, a higher Central Bank of Indonesia rate tends to curb inflation but may slow economic growth due to higher borrowing costs. The Central Bank of Indonesia's rate ranges from 1.72 to 6.44 percent, with its highest point at 6.44. The following variable is the exchange rate, which indicates the value of one currency in terms of another. In this dataset, the exchange rate had a minimum value of 10,131 and a maximum value of 14,211. A higher exchange rate indicates a weaker local currency relative to the foreign currency, which affects imports, exports, and overall economic competitiveness. While the value of gold prices ranges between 0.00 and 0.07, the value of economic growth has a minimum value of 2.14 and a maximum value of 2.99. Based on the table above, it can be seen that the company price variable represents the price of a specific company or a composite index of prices for companies. The data shows a minimum price value of 110.67, a maximum value of 8784.00, and an average (mean) value of 3324.5926 units of currency. Such variability in company prices reflects market dynamics, investor sentiment, and company-specific factors influencing stock prices.

Table 2. Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Company Price	9	110.67	8784.00	3324.5926	3428.77287
Inflation	9	.00	.06	.0269	.02635
Exchange Rate	9	10131.77	14211.33	12359.0740	1201.63324
BI Rate	9	1.72	6.44	3.6785	1.64850
Gold Prices	9	.00	.07	.0317	.02341
Economic Growth	9	2.14	2.99	2.6660	.32105

According to the theory of inflation and interest rates proposed by Oliinyk and Kozmenko (2019), inflation measures the change in the prices of goods and services over time, and the Central Bank of Indonesia's interest rate plays a crucial role in influencing inflation and economic growth. This study shows that inflation ranges from 0.00 to 0.06, where very low or zero inflation indicates price stability, while higher inflation indicates a rise in prices. Additionally, the Central Bank of Indonesia's interest rate, which ranges from 1.72 to 6.44 percent, reflects the Central Bank of Indonesia's monetary policy efforts to maintain a balance between economic growth and inflation control. This theory is supported by contemporary research, which shows that lower interest rates can stimulate the economy by boosting lending and consumption. In comparison, higher interest rates can curb inflation by reducing purchasing power (Mohamed & Said, 2020). Moreover, the exchange rate data in this study indicate a strong relationship between exchange rates, inflation, and interest rates, where currency depreciation tends to increase import costs and trigger inflation (Arief & Nugroho, 2021).

3.1.2. Normality Test

A normality test is performed to determine whether the distribution of data across a group of variables is normally distributed or not (Supeni & Salim, 2020). The normality test helps identify whether the data was drawn from a normal population or has a normal distribution. From the *Kolmogorov-Smirnov Test*, we can also determine that the asymptotic. Sig. (2-tailed) has a value of 0.054 > 0.050. Since the p-value (0.054) exceeds the chosen significance level of 0.05, we do not have sufficient evidence to reject the null hypothesis. Therefore, we conclude that there is no significant departure from normality. In simpler terms, the data can be considered normally distributed based on this test.

The normality test is a statistical procedure used to determine whether a set of data follows a normal distribution. According to Supeni and Salim (2020), the normality test is crucial in statistical analysis because most statistical methods assume that the data being analyzed are normally distributed. In this study, the Kolmogorov-Smirnov test was used to assess the normality of the data. The test results showed that the Asymp. Sig. (2-tailed) value was 0.054, which is greater than the significance level of 0.05. Based on this result, the null hypothesis cannot be rejected, indicating that there is no significant deviation from normality. Therefore, the data can be considered normally distributed, allowing the use of advanced statistical analysis methods without further data transformation (Santoso & Pramono, 2017).

Table 3. Normality Test

		Unstandardized Residual
N		9
Normal Parameters ^{a,b}	Mean	.0000000
	Std. Deviation	.23159156
Most Extreme Differences	Absolute	.272
	Positive	.245
	Negative	-.272
Test Statistic		.272
Asymp. Sig. (2-tailed)		.054 ^c

3.1.3. Multicollinearity Test

A multicollinearity test is performed to determine whether there is intercorrelation or collinearity between the independent variables in a regression model. Based on the table above, it can be seen that the tolerance value is > 0.10 and the VIF value is < 10. It can be concluded that there is no multicollinearity in this study. The multicollinearity test is used to determine whether there is a strong intercorrelation or collinearity among the independent variables in a regression model. Multicollinearity occurs when two or more independent variables have a strong linear relationship, which can make the regression results unreliable. According to Gujarati and Porter (2015), multicollinearity can be detected through tolerance values and the Variance Inflation Factor (VIF). If the tolerance value is greater than 0.10 and the VIF is less than 10, it can be concluded that there is no significant multicollinearity. The calculation results of this study indicate that the tolerance for each variable exceeded 0.10, and the VIF values were below 10, confirming that there is no significant multicollinearity issue in the regression model used (Purnomo, 2019).

Table 4. Multicollinearity Test

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
1 (Constant)	-56.402	28.642		-1.969	.144		
Inflation	.634	.076	.693	8.373	.004	.679	1.473
Exchange Rate	7.271	3.012	.265	2.414	.095	.387	2.586
BI Rate	-1.721	.388	-.456	-4.441	.021	.442	2.265
Gold Prices	.366	.097	.335	3.788	.032	.594	1.685
Economic Growth	1.386	1.171	.088	1.184	.322	.841	1.188

a. Dependent Variable: Company Price

3.1.4. Multiple Linear Regression

Based on the tables above, the magnitude of the coefficient of determination (Adjusted R-squared) is 0.963, meaning that the independent variables account for 96.3 percent of the variation in the dependent variable. In comparison, the remaining 3.7 percent is attributed to other variables not included in the research model.

Table 5. Multicollinearity Test

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.993 ^a	.986	.963	.37819

Predictors: (Constant), Economic Growth, Inflation, Central Bank of Indonesia Rate, Gold Prices, Exchange Rate

Table 6. F-Test

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	30.327	5	6.065	42.407	.006 ^b
Residual	.429	3	.143		
Total	30.756	8			

a. Dependent Variable: Company Price

b. Predictors: (Constant), Economic Growth, Inflation, BI Rate, Gold Prices, Exchange Rate

The coefficient of determination (Adjusted R^2) is a crucial indicator in regression analysis used to measure how well the independent variables in a model explain the dependent variable. An Adjusted R^2 value of 0.963 indicates that the independent variables in the model can explain 96.3 percent of the variation in the dependent variable. This suggests that the model has a very high predictive power. According to Hair et al. (2019), the higher the Adjusted R^2 value, the better the model explains the variation in the dependent variable, with values close to 1 indicating a powerful relationship. The remaining 3.7 percent of the variation is due to other factors not included in the model, implying that external variables, which were not examined in this study, may still influence the dependent variable (Gujarati & Porter, 2015).

From the results of the F-test in the tables above, the F-value is calculated to be 42.407 with a corresponding probability of 0.006. It can be concluded that the company's price is affected by economic growth, inflation, the Central Bank of Indonesia rate, gold prices, and the exchange rate.

Table 7. Regression Test

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	-56.402	28.642		-1.969	.144
Inflation	.634	.076	.693	8.373	.004
Exchange Rate	7.271	3.012	.265	2.414	.095
BI Rate	-1.721	.388	-.456	-4.441	.021
Gold Prices	.366	.097	.335	3.788	.032
Economic Growth	1.386	1.171	.088	1.184	.322

Based on the partial regression test, a t-value of 8.373, a regression coefficient (beta) of 0.634, and a probability (p) of 0.004 were obtained. Based on the results of data processing, where the probability value (p) ≤ 0.05 , it can be concluded that inflation has a positive and significant effect on company price. While the exchange rate has the value of coefficient (beta) 7.271 and obtained the probability value of 0.95, which is higher than 0.05, it can be concluded that the exchange rate has a positive but not significant effect on company price. The beta value of the Central Bank of Indonesia rate is -1.721 and has a probability value of 0.021, which is lower than 0.05. Therefore, it can be concluded that the Central Bank of Indonesia rate has a negative and significant effect on company prices. Gold prices obtained a beta value of 0.366, and the probability value is $0.032 \leq 0.05$, indicating that gold prices have a positive and significant effect on company prices. For the economic growth variable, it yields a beta value of 1.386 and a probability value of 0.322, which is greater than 0.05. Therefore, it can be concluded that economic growth has a positive but non-significant impact on company price.

Based on the results of the partial regression test, it was found that the inflation variable has a positive and significant effect on company prices, as indicated by a regression coefficient (beta) of 0.634 and a probability (p) of 0.004. This aligns with the theory that controlled inflation can increase the value of company assets, particularly in industries that can pass on increased costs to consumers (Halkos & Gkampoura, 2021). On the other hand, the exchange rate shows a positive but insignificant effect on company prices with a coefficient (beta) of 7.271 and a p-value of 0.95, indicating that fluctuations in the exchange rate do not always significantly affect company prices in the short term (Yeh et al., 2022). Furthermore, the Central Bank of Indonesia rate has a negative and significant effect on company prices, with a beta value of -1.721 and a p-value of 0.021, consistent with macroeconomic theory that states that rising interest rates can lower company stock prices due to higher borrowing costs (Shen et al., 2020). Meanwhile, gold prices, with a beta of 0.366 and a p-value of 0.032, also show a positive and significant effect, supporting the view that gold is often considered a hedge against inflation and economic uncertainty (Baur & Lucey, 2019). For the economic growth variable, although it has a positive effect with a beta of 1.386, the probability value greater than 0.05 (0.322) indicates an insignificant effect on company prices, which may be due to various other factors influencing market performance (Tang et al., 2021).

3.2. Discussions

The primary objective of this study is to examine the impact of macroeconomic factors on the Indonesian Stock Price Index in the sub-sectors of the cosmetics and household industry. Five main issues should be highlighted in this study, including the impact of inflation, the Central Bank of Indonesia's rate, the exchange rate, gold prices, and economic growth on the Indonesia Stock Price Index. As a result, five main hypotheses regarding the variables have been developed for each additional test in this study.

The information was gathered from the annual reports of each company to analyze the insights properly. To compare the growth of nine firms in the cosmetic and household industry listed on the Indonesia Stock Exchange between 2019 and 2021, the researcher employed a purposive sampling technique. Additionally, the SPSS program was used to analyse and assess the data that had been gathered. A total of nine listed companies in the cosmetics and household products sector of the Indonesia Stock Exchange had their corporate and financial information collected simultaneously for the research study. As a result, data analysis of the chapter 4 findings determined that only hypotheses 1, 3, and 4 have a positive effect on a stock price in the regression test, accordingly ($p \leq 0.05$). In other words, there are significant and positive relationships between inflation, the Central Bank of Indonesia's rate, and gold prices, as well as the Indonesia Stock Price Index Sub-sector Cosmetics and Households Industry. Conversely, exchange rate and economic growth have a negative effect on the Indonesia Stock Price Index Sub-sector Cosmetics and Households.

In assessing the macroeconomic influence on the Indonesia Stock Price Index, the majority of the variables are often found to be neither wholly positive nor significant in defining the macroeconomic influence on the Indonesia Stock Price Index. As a result, the research findings indicate that the variables of inflation, Central Bank of Indonesia rate, and gold prices have a significant impact on the Indonesia Stock Price Index. Additionally, the variables of exchange rate and economic growth show insignificant results on the Indonesia Stock Price Index. To provide more accurate results for future researchers in this field, additional aspects related to this topic should be further explored.

Hypothesis 1. To ascertain the effect of inflation on the Indonesian Stock Price Index sub-sector of cosmetics and household goods, Hypothesis 1 is formulated based on this research topic. After analyzing the results, the research findings indicate that inflation has a significant positive impact on the Indonesia Stock Price Index sub-sector, specifically the Cosmetics and Households Industry. Based on the results of the t-test, it can be concluded that the inflation rate has a negative and significant effect on predicting stock prices; however, the inflation factor partially influences the increase of the Indonesia Stock Price Index. Empirical evidence suggests that in some emerging stock markets, inflation is negatively and significantly correlated with investment returns. Other than that, the result contradicts a study conducted by Akbar & Saparuddin (2022), with no significant relationship between inflation and the Indonesia Stock Price Index. A possible explanation of the insignificant outcome is that the significance value for the inflation variable shows a value of 0.3614 and a significance value of <0.05 , so that there is no influence of inflation on the Indonesia Stock Price Index.

Hypothesis 2. Hypothesis 2 is developed to research how the exchange rate affects the Indonesian Stock Price Index. However, the outcome was not deemed significant in this statement; hence, this hypothesis was rejected because it could not be inferred from the evaluated facts. The outcome is comparable to the study by Akbar & Saparuddin (2022), which demonstrated that there is no relationship between the exchange rate and the Indonesia Stock Price Index. The significance value for the exchange rate variable showed a value of 0.9579 and a significance value of <0.05 in that study. Therefore, it can be concluded that the exchange rate has no impact on the Indonesia Stock Price Index.

Hypothesis 3. To determine how the Central Bank of Indonesia's rate affects the Indonesia Stock Price Index, Hypothesis 3 was formulated. According to the data analysis, there is a significant negative association between the Central Bank of Indonesia rate and the Indonesia Stock Price Index. As a result, this hypothesis is accepted as it is supported by the outcome obtained. According to the research findings by Akbar & Saparuddin (2022), there is a substantial and significant relationship between the Central Bank of Indonesia rate and the Indonesia Stock Price Index, with the significance value for the Central Bank of Indonesia rate

variable showing a value of 0.006 and a significance value of <0.05 . The Indonesia Stock Price Index rate will increase by 0.5819 if the Central Bank of Indonesia rate increases by one point in the model test, since the coefficient value is -0.5819. The Indonesia Stock Price Index has a negative coefficient value, indicating that it declines as the Central Bank of Indonesia's rate rises. It can be concluded that the Central Bank of Indonesia rate has a significant negative effect on the Indonesia Stock Price Index. On the other hand, the study's results stated that the Central Bank of Indonesia's rate has no significant effect on the Indonesia Stock Price Index. This means that an increase or decrease in the Central Bank of Indonesia rate cannot significantly cause an increase or decrease in the Indonesia Stock Price Index.

Hypothesis 4. Hypothesis 4 is formed to examine whether the effect of gold prices has on the Indonesia Stock Price Index. Through the data test, hypothesis 4 is supported by the findings, as the gold prices obtained a beta value of 0.366, and the probability value is $0.032 \leq 0.05$. This indicates that gold prices have a positive and significant effect on the Indonesia Stock Price Index. On the contrary, the findings stated by Anggriana & Paramita (2020) and Rizal, I. (2022), proving that the gold price has no significant influence on the Indonesia Stock Price Index. The gold price does not affect the movement of the Indonesia Stock Price Index because gold is an alternative investment. As an investment option, gold is still considered by investors to provide a return comparable to that of stocks.

Hypothesis 5. Hypothesis 5 was proposed to investigate the impact of economic growth on the Indonesia Stock Price Index. For the results, it yields a beta value of 1.386 and a probability value of 0.322, which is higher than 0.05. Therefore, it can be concluded that economic growth has a positive but not statistically significant impact on the Indonesia Stock Price Index. This finding aligns with research, as evidenced by the regression test results, which indicate a significant value of 0.329. Since 0.329 exceeds the 0.05 probability threshold ($0.329 > 0.05$), the hypothesis is rejected. This shows that the economic growth variable has no contribution to the Indonesia Stock Price Index. So, economic growth has no significant effect on the Indonesia Stock Price Index. In contrast, the results of this measurement differ from those of the study that found economic growth has a significant effect on the Indonesia Stock Price Index. For the economic growth variable, the t-count value is -2.847 with a probability value (significance) of 0.006. Thus, this hypothesis is accepted because the probability value is smaller than 0.05 ($0.006 < 0.05$). This means that it can be concluded that the economic growth variables have a real (significant) effect on the Indonesia Stock Price Index.

4. CONCLUSION

This research demonstrates how the capital market facilitates the connection of entities with excess funds to those with a need for capital, thereby enhancing economic stability. Centered on Indonesia's cosmetic and household subsector, the research study shows that inflation, the Central Bank of Indonesia's rate, and the gold price strongly affect stock price movements within the researched period. The aforementioned aspects highlight the significance of monetary and fiscal policies in promoting the sector's growth and stability. In contrast, exchange rates and economic growth have minimal direct impacts on stock prices, which perhaps underlines that other external and sector-specific dynamics might dominate. These findings suggest that operationally, inflation management through stable monetary policy and monitoring of gold prices as a hedge against market uncertainty are fundamental to maintaining investor confidence. It affirms the Central Bank of Indonesia rate as a monetary instrument, which is a critical driver of stock market performance and thus demands careful calibration by policymakers to balance growth and investment attractiveness. Future researchers are advised to create more significant and superior findings as more industries in the Indonesia Stock Price Index may offer many perspectives to evaluate a substantial impact on the topic. Researchers can utilise the VECM estimation test to more precisely assess the short-term and long-term macroeconomic relationships to stock prices when calculating indicators to study the various of impacts. To assess the effect of macroeconomic conditions on the magnitude of capital market fluctuations, panel data analysis is recommended as a research tool. Moreover, in terms of research methodology, it is recommended to conduct a comparative trend analysis over certain fiscal years to evaluate the changes in circumstances brought on by the movement of macroeconomic fluctuations.

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