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Keywords: The Money Supply, Interest Rate of Bank Indonesia, Exchange Rate, Gross Domestic Product, Composite Stock Price Index, Error Correction Model

Abstract: This research aims to analyze the relationship of long-term and short-term macroeconomic variables between the money supply, the interest rate of Bank Indonesia, exchange rates and gross domestic product against the composite stock price Index on the stock exchange Indonesia in 1996-2017. To answer these problems the study Econometrics model analysis tools used error correction (Error Correction Model). Research results showed in the short term the money supply, interest rates and gross domestic product of Bank Indonesia effect negatively and significantly to the composite stock price index. While the exchange rate in the short term has no effect against the composite stock price index. In the long run, the money supply, interest rates and exchange rates of Bank Indonesia have no effect against the composite stock price index. While the gross domestic product in the long run a positive and significant effect against the composite stock price index. Together the same macroeconomic variables of the money supply, the interest rate of Bank Indonesia, exchange rates and gross domestic product of influential significantly to the amount of money in circulation, Bank Indonesia interest rates, exchange rates and gross domestic product on the extent trust 75.69 percent.

1 INTRODUCTION

Boost the economy of a country can be done in various ways, one of which is to move the stock market. Capital markets are rated more effective in improving a country's economy since the stock market is a means of funding the activities of the productive efforts or the company obtained from the community who provide capital (investors). With the capital markets, can help investors to invest their funds with the aim of getting the asset. And the company also assisted in getting financing or funds as well as in conducting sales of an asset. The existence of such event, the stock exchange formed in ease of the transaction as well as capital market activities so that mutually beneficial and corporate investors. For investors through the capital markets, they can choose the investment objects with various levels of returns and the level of risk faced, while for issuers (issuers) through the capital markets they can collect long-term funds for support the continuity of their business (Samsul, 2006).

The Composite Stock Price Index (IHSG) was first introduced on April 1, 1983 as an indicator of price movement of stocks listed on the Indonesia stock exchange either common stock or preferred stock. The Composite Stock Price Index (IHSG) is an index that shows the movement of stock prices in general, are listed on the stock exchange to become a reference on the development of activities in the capital market (Anoraga and Pakarti, 2001:101).

The price of shares in the stock exchange not forever fixed, there are times when increased and may also decrease depending on power demand and supply, where the occurrence of such stock price fluctuations make the stock attractive to some investors (investors). On the other hand, the rise and decline of stock prices could occur due to fundamental factors, psychological as well as external. Following the movement of the Composite Stock Price Index (IHSG) in Indonesia year 1996-2017.

The capital market in Indonesia is facing challenges that are pretty heavy since the end of the year 1997/1998, in conjunction with the shaken...
The movement of the stock price index the following year tend to experience increased despite the decline in some periods. One of them is the year 2008 amounted to minus 50.64 percent. This decrease occurs because of the global crisis that is starting to feel its effects towards the end of the year 2008 make a macro condition Indonesia get heavy pressure. Although Indonesia's economy can still grow by 6.10 percent and inflation from 11.06 percent in 2008. And the exchange rate of the rupiah against the dollar in January 2008 of 9,291 rupiah rising to 12,151 rupiah in September and then down to 10,950 rupiah in December 2008. For the year 2017 growth composite stock price index (IHSG) closed at the end of the year in the level of domestic economic recovery predicted 6,355 continues amid various challenges. Economy forecast to grow up 5.2 percent in 2017 than in 2016 by 5 percent with the catalyst reference interest rates still low, Indonesia's return to the export commodity prices and budget infrastructure continues to grow.

Its own stock price index value can fluctuate daily, this is because many factors affect the movement. The movement of the stock price index to be so important, because it can be used as one of the benchmark investors prior to investing in the capital markets and later it will affect the attitude of the investors to buy, sell or hold some shares. As for the influence of the composite stock price index (IHSG) and macroeconomic variables, among others, exchange rates, interest rates, money supply, and GDP.

Based on Figure 2 shows that the exchange rate of rupiah increase of 4.24 percent to 16.25 percent in 2008. While the composite stock price index (IHSG) experienced a decline in the year 2008 amounted to minus 50.64 percent. With the increase in the price of fuel oil, the year 2008 became a contributor to the Bank Indonesia interest rates are quite high of 9.25 percent. Rising interest rates will make investors will transfer their funds to the money market, savings or deposits so that investments in capital markets and can lower the price of the stock. While the money supply year 2008 experienced a decline of 19.32 percent to 14.94 percent. Changes in the money supply will affect the interest rate. Interest rate changes will affect your investments or even consumption. GDP growth the year 2008 recorded fairly good developments around 6.01 percent in the middle of the occurrence of the external turmoil. This data does not match the theory. The phenomenon of the movement of the Composite stock price Index (IHSG) in Indonesia attracted to researchable. Empirical study and the phenomenon of data that has been done previously showed the importance of the research develop composite stock price Index (IHSG) in Indonesia.

By developing researches past, the author concludes that the role of macroeconomic factors and affecting the composite stock price Index (IHSG) in Indonesia is still important. In General, this research examines the relationship between the
independent variable and the dependent variable in the short-term and long-term. The purpose of this research is to analyze the effect of the exchange rate (EXC), Bank Indonesia interest rate (BI Rate), the money supply (MS), and the GDP against the composite stock price Index (IHSG) in Indonesia.

2 THEORETICAL FRAMEWORK

According to the monetary Approach States that the increase in the domestic money supply would cause a domestic price increase in proportional and by parity of purchasing power will encourage the occurrence of depreciation of domestic currency. The drop in the exchange rate of the domestic currency eventually will reduce corporate earnings which means also a decrease in the company's share price (Shapiro 1996).

The rise and fall of interest rates could affect stock prices. The impact of interest rates is generally not directly. The decline in interest rates will cause the interest rate for savings deposits in banking becomes not interesting. The community will be looking for another alternative with the higher yield on the capital market. The decline in interest rates will make lending interest expense decreased so that it encourages expansion and the increase in net profit. In the long run, the increase in net income can make the stock price increases. While rising interest rates against the stock give effect in the short-term. The rise in interest rates would increase the burden on companies (issuers) that can further lower the price of the stock. Rising interest rates will make investors will transfer their funds to the money market, savings or deposits so that the investment in the trading floor and then lowering the stock price. Otherwise, once the lower interest rates will make investors withdraw funds in the bank and will be redirected to invest on the stock exchange (Mankiw, 2003).

According to Samsul (2006:210) which States that the more money in circulation in the hands of the community then it will be the higher the stock price because the public will figure out how to allocate their funds. The amount of money in circulation will cause interest rates to drop, so people did not choose the appropriate investment in banking but in the form of shares. This can be caused because in the short term, the public will choose to invest in something that can be melted easily and at risk are small, such as valuables easy for refunded. Because in the short-term, the public will prefer to meet their needs first, so to invest in a stock that has a pretty big risk not so frowned upon by the community. In the long-term when the money circulating within the community is increasing, then the appropriate people invested in stocks than in savings or deposits any shares so demand will increase.

Based on the principle of Acceleration there is a link between national income with investment. To achieve a greater level of investment, if national income the greater amount. In contrast, the investment will be increased if low national income, does not evolve and will become low (Mankiw, 2003).

3 RESEARCH METHOD

The data will be used in this research in the form of secondary data. Secondary data that will be used is the data time series during the year 1996-2017 which is the total amount of data the exchange rate (EXC), Bank Indonesia interest rate (BI Rate), the money supply (MS), and the GDP against the composite stock price Index (IHSG) in Indonesia. The data can be taken from the Bank Indonesia (BI), the Central Bureau of Statistics (BPS) and Indonesia Stock Exchange (IDX) or via the official website of each of the institutions (www.bi.go.id and www.bps.go.id).

The estimation model used in this study is the analysis of the dynamic model with the regression that is by using the model of error correction (Error Correction Model/ECM) Domowitz and Elbadawi. In the context of Economics, the dynamic model specification is very important because it deals with the establishment of the model of an economic system that is associated with the change of time of both short-term and long-term. This study uses statistics programs help E-Views version 7.

4 ANALYSIS

4.1 Stationer Test

The first thing to do is to examine whether the data is stationary or not. This Stationeritas test needs to be done because a regression analysis should not be done when the data used is not stationary and normally if it still done the resulting equations then are a spurious regression. The test methods used in this Test method is stationeries Unit Root Test or
also known as the test of the Augmented Dickey-Fuller (ADF).

4.1.1 Unit Root Test

The value of the test results with the Augmented Dickey-Fuller (ADF), indicated by the value of the statistical regression coefficients $t$ on the observed variable ($X$). If the value is greater than the value of the ADF test critical values MacKinnon on the level of the 1%, 5%, or 10%, then the stationary means data.

Based on table 1 that the money supply (MS), Bank Indonesia interest rate (BI Rate), the exchange rate (EXC), the gross domestic product (GDP), and the composite stock price Index (IHSG) is not significant at the $\alpha = 5\%$. Because not stationary at the zero degrees, then it needs to be done again using stationarity test the degree of integration of the single.

### Table 1: Unit Root Test Results

<table>
<thead>
<tr>
<th>Variables</th>
<th>Value ADF</th>
<th>Critical Value MacKinnon ($\alpha = 5%$)</th>
<th>Desc</th>
</tr>
</thead>
<tbody>
<tr>
<td>IHSG</td>
<td>-0.391630</td>
<td>-3.012363</td>
<td>Non-Stationary</td>
</tr>
<tr>
<td>MS</td>
<td>-1.946926</td>
<td>-3.052169</td>
<td>Non-Stationary</td>
</tr>
<tr>
<td>BI Rate</td>
<td>-2.548890</td>
<td>-3.029970</td>
<td>Non-Stationary</td>
</tr>
<tr>
<td>EXC</td>
<td>-2.126737</td>
<td>-3.012363</td>
<td>Non-Stationary</td>
</tr>
<tr>
<td>GDP</td>
<td>-0.359774</td>
<td>-3.040391</td>
<td>Non-Stationary</td>
</tr>
</tbody>
</table>

4.1.2 Integration Test

A test of the degree of integration is a test done to measure at the level of difference to how data all the variables are stationary. The taking of decision is when the count of an ADF variable is greater than the critical value of MacKinnon, means the variable is stationary, and vice versa.

Based on table 2 that variable the money supply (MS), Bank Indonesia interest rate (BI Rate), the exchange rate (EXC), the gross domestic product (GDP), and the composite stock price Index (IHSG) has been stationary at the same degree, that is one degree, shown from the ADF value calculate more than the value of the critical (Mackinnon critical values) at $\alpha = 5\%$. Thus, the Granger test requires a stationary data at the same degree can be used.

### Table 2: Integration Test Results

<table>
<thead>
<tr>
<th>Variables</th>
<th>Value ADF</th>
<th>Critical Value MacKinnon ($\alpha = 5%$)</th>
<th>Desc</th>
</tr>
</thead>
<tbody>
<tr>
<td>IHSG</td>
<td>-5.656342</td>
<td>-3.020686</td>
<td>Stationary</td>
</tr>
<tr>
<td>MS</td>
<td>-3.258881</td>
<td>-3.020686</td>
<td>Stationary</td>
</tr>
<tr>
<td>BI Rate</td>
<td>-4.554577</td>
<td>-3.020686</td>
<td>Stationary</td>
</tr>
<tr>
<td>EXC</td>
<td>-3.054861</td>
<td>-3.020686</td>
<td>Stationary</td>
</tr>
<tr>
<td>GDP</td>
<td>-3.599042</td>
<td>-3.020686</td>
<td>Stationary</td>
</tr>
</tbody>
</table>

4.1.3 Cointegration Test

In this research to test the residual method based cointegration test. Residual-based test method using statistical tests Augmented Dickey-Fuller (ADF) by observing the regression residual cointegration stationary or not. Then this residual value will be tested using the test Augmented Dickey-Fuller (ADF) to find out if the residual value of the stationary or not. The results of this research show that the estimated value of the ADF test $>$ Critical Value $\alpha = 5\%$ (-3.891891 $>$ -3.012363). So it could be inferred that the empirical model used in this study to qualify for the cointegration test.

### Table 3: Cointegration Test Results

<table>
<thead>
<tr>
<th>Variables</th>
<th>Value ADF</th>
<th>Critical Value MacKinnon ($\alpha = 5%$)</th>
<th>Desc</th>
</tr>
</thead>
<tbody>
<tr>
<td>ECT</td>
<td>-3.891891</td>
<td>-3.012363</td>
<td>Stationary</td>
</tr>
</tbody>
</table>

4.2 Estimation Error Correction Model (ECM)

Estimation model of inflation using the model of Error Correction Model (ECM) Domowitiz and Elbadawi aims to seek short-term balance or correct an imbalance towards short-term long-term balance. To know that a used Error Correction Model (ECM) is valid or not can be seen from the value of the Error Correction Term (ECT) are significant or not. Equation Error Correction Model (ECM) for a short-term period are as follows:

$$DLnIHSG= 0.714068 - 2.642198 MS - 0.064296 BI Rate - 0.439834 EXC - 5.409125 GD P + 0.938950 ECT$$

The results of estimation Error Correction Model (ECM) that short-term variable the money supply (MS), Bank Indonesia interest rate (BI Rate), the
exchange rate (EXC), and the gross domestic product (GDP) have a negative influence against the composite stock price Index (IHSG) in Indonesia. The magnitude of the balance and changes the previous the composite stock price Index (IHSG) against the period now is 0.98 percent. These adjustments are obtained from coefficients the Error Correction Term (ECT) of 0.988950 while the t-statistics is 5.140962 with probability 0.0001 so significant at 5% and means that the model can be used.

Table 4: The Results of The Estimation of the Error Correction Model (ECM) Short-Term

<table>
<thead>
<tr>
<th>Independent Variables</th>
<th>Coefficient</th>
<th>t-Statistic</th>
<th>Prob</th>
</tr>
</thead>
<tbody>
<tr>
<td>D(LnMS)</td>
<td>-2.642198</td>
<td>-3.116654</td>
<td>0.007</td>
</tr>
<tr>
<td>D(LnBI Rate)</td>
<td>-0.064296</td>
<td>-3.045324</td>
<td>0.008</td>
</tr>
<tr>
<td>D(LnEXC)</td>
<td>-0.439834</td>
<td>-1.973081</td>
<td>0.067</td>
</tr>
<tr>
<td>D(LnGDP)</td>
<td>-5.409125</td>
<td>-2.878156</td>
<td>0.011</td>
</tr>
<tr>
<td>ECT</td>
<td>0.938950</td>
<td>5.140962</td>
<td>0.000</td>
</tr>
<tr>
<td>C</td>
<td>0.714068</td>
<td>3.788115</td>
<td>0.001</td>
</tr>
</tbody>
</table>

Equation Error Correction Model (ECM) for long-term periods are as follows:

\[
\ln\text{IHSG} = -27.69448 + 0.270105 \ln\text{MS} - 0.088986\]

\[
\ln\text{BI Rate} = -0.064296 \times \text{EXC} + 2.351471 \times \text{GDP}
\]

The results of estimation Error Correction Model (ECM) that long-term variable changes Bank Indonesia interest rate (BI Rate), the exchange rate (EXC) of previous periods have a negative effect against the composite stock price Index (IHSG). While the Government spending variables the money supply (MS), and economic growth (GDP) previous periods have a positive effect against the composite stock price Index (IHSG).

Table 5: The Results of The Estimation of the Error Correction Model (ECM) Long-Term.

<table>
<thead>
<tr>
<th>Independent Variables</th>
<th>Coefficient</th>
<th>t-Statistic</th>
<th>Prob</th>
</tr>
</thead>
<tbody>
<tr>
<td>LnMS(-1)</td>
<td>0.270105</td>
<td>1.027487</td>
<td>0.3195</td>
</tr>
</tbody>
</table>

4.3 Statistical Tests

4.3.1 F-Test (Simultaneous Test)

F test or simultaneous test is performed to see the effect of free variables simultaneously or together to the dependent variable. The value of F-statistic Prob 0.000335 < 0.05. So it can be inferred that the money supply (MS), BI interest rate (BI Rate), the exchange rate (EXC) and gross domestic product (GDP), a significant effect simultaneously against the composite stock price index (IHSG) in Indonesia.

4.3.2 T-Test (Partial Test)

The Money Supply (MS)

Based on the results of the study showed that the change in the short-term money supply (MS) is a negative and significant effect against the composite stock price index (IHSG) in Indonesia with a coefficient of -2.642198. This means if the money supply rose by 1 billion rupiahs, then the composite stock price index (IHSG) in Indonesia would drop -0.064296 percent.

While the changes in the money supply (MS) no effect on long-term change composite stock price index (IHSG) in Indonesia.
While in the long-term the interest rate BI (BI Rate) has a negative and significant effect against the composite stock price index (IHSG) in Indonesia with a coefficient of -0.088986. This means if the interest rate BI (BI Rate) rose by 1 percent, then the composite stock price index will be down by 0.088986 percent.

The Exchange Rate (EXC)
Based on the results of the study showed that changes in exchange rates in the short-term to change the percentage of the composite stock price index (IHSG) in Indonesia with the coefficient of -0.439834. If changes in the money supply rose by Rp 1/US dollar, then change the percentage of the composite stock price index (IHSG) going up by 0.439834 percent.

While in the long-term Exchange rates had a negative and no significant influence against the composite stock price index (IHSG) in Indonesia. If the exchange rate rose by Rp 1/US dollar, then change the percentage of the composite stock price index (IHSG) going down by 0.258058 percent.

The Gross Domestic Product (GDP)
Based on the results of the study showed that the change of the gross domestic product (GDP) in the short-term to change the percentage of the composite stock price index (IHSG) in Indonesia with a coefficient of -5.409125. If the change of gross domestic product rose by 1 billion rupiahs, then change the percentage of inflation will be down by 5.409125 percent.

While in the long-term the gross domestic product (GDP) has a positive and significant influence the composite stock price index (IHSG) in Indonesia with a coefficient of 2.351471. If the change of the gross domestic product (GDP) rose by 1 billion rupiahs, then the change in the composite stock price index (IHSG) will rose by 2.351471 percent.

4.3.3 Goodness of Fit Test
Test coefficient determination (R²) is used to see how big the variation of free variables may explain the variables bound. Adjusted R-squared value of 0.756959 can be explained that Government spending variable precision (GS), the that the money supply (MS), BI interest rate (BI Rate), the exchange rate (EXC) and gross domestic product (GDP), explains the variations change the composite stock price Index (IHSG) amounted to 75.69 percent. While the rest of 24.31 percent described other factors outside the model.

5 RESULTS

5.1 Influence The Money Supply (MS) against the Composite Stock Price Index (IHSG) in Indonesia
Based on the results of the study showed that the change in the short-term money supply (MS) is a negative and significant effect against the composite stock price index (IHSG) in Indonesia with a coefficient of -2.642198. This means if the money supply rose by 1 billion rupiahs, then the composite stock price index (IHSG) will be down by -2.642198 percent. This is due to that the growing money supply will trigger an uptrend, so with the condition the price increases then the money held by the community just simply used to make transactions. Thus with the condition of the community does not have an excess of money that can be used to save in the form of savings or invested in the form of shares. This is not in accordance with the research of the goddess Kumalasai (2016) shows that the influence of the money supply (MS) against the composite stock price index (IHSG) positive effect.

While the changes in the money supply (MS) no effect on long-term change composite stock price index (IHSG) in Indonesia with a coefficient of 0.270105. This is due to the greater quantity of money held by the society, indicating the high level of people's income, which in turn will encourage people to invest and increase the composite stock price index (IHSG). But the amount of money circulating in the previous period has not had an influence on the composite stock price index (IHSG). And according to a research of Ash-Shidig & Setiawan (2015) stating that the money supply had no effect against the Jakarta Islamic Index stock index.

5.2 Influence the Interest Rate BI against the Composite Stock Price Index (IHSG) in Indonesia
Based on the results of the study showed that the percentage of change in the interest rate BI (BI Rate) in the short-term to change the percentage of the composite stock price index (IHSG) in Indonesia with a coefficient of -0.064296. If changes to the BI...
interest rate rose by 1 percent, then the composite stock price index changes (IHSG) in Indonesia would drop by 0.064296 percent. It is due to a rise in interest rates BI (BI Rate) then it will directly increase the burden of interest. Companies that have high leverage will have a very heavy impact against a rise in interest rates. The rise in interest rates will be able to reduce the profitability of the company from rising costs (cost) of the company so that it can be said that the rising interest rate effect negatively to a stock price index. This is not in accordance with the theories of Keynes. According to Samsul (2006:204), the increase in the interest rate of the loan could increase credit interest charges and lower net profits of the company. The profit decline will result in earnings per share also decreased so that the resulting decline in stock prices in the market. On the other hand, the rise in deposit interest rates will encourage investors to sell stocks and then switch into deposits. This led to the increase in Bank Indonesia interest rate will result in a decline in the stock price, vice versa.

While in the long-term the interest rate BI (BI Rate) has a negative and significant effect against the composite stock price index (IHSG) in Indonesia with a coefficient of -0.088986. This means if the interest rate BI (BI Rate) rose by 1 percent, then the composite stock price index will be down by 0.088986 percent. In the long term interest rates have no effect against the stock price because investors in Indonesia is a type of investor who does not consider the change of rate in the stock price index. For this reason, they can increase the demand for the company's profit taking action in hopes of obtaining capital gains. Can also be caused the stock market less rapidly adjust interest rate information into stock prices. And according to research Kewal (2012), Kumar and Puja (2012), Mok (2004). Interest rates do not affect the stock price because investors in Indonesia is a type of investor who conducts transactions in shares so investors tend to do profit taking action in hopes of obtaining capital gains.

5.3 Influence Exchange Rate (EXC) against the Composite Stock Price Index (IHSG) in Indonesia

Based on the results of the study showed that changes in exchange rates in the short-term to change the percentage of the composite stock price index (IHSG) in Indonesia with the coefficient of -0.439834. If changes in the money supply rose by Rp 1/US dollar, then change the percentage of the composite stock price index (IHSG) going up by 0.439834 percent. In the short-term the exchange rate has no effect against the composite stock price index (IHSG). This is not in accordance with the theory of the balance of payments approach where if import bigger then a balance of payments deficit which will mean a demand for foreign currencies will increase thus lowering domestic currency and vice versa. The weakening domestic currency will weaken the purchasing power of these result in a decline in corporate earnings, which in turn will lower profits. This will lower the profit decline in the value of the company and eventually lower the price of the company shares (Shapiro 1996).

While in the long-term Exchange rates had a negative and no significant influence against the composite stock price index (IHSG) in Indonesia. If the exchange rate rose by Rp 1/US dollar, then change the percentage of the composite stock price index (IHSG) going down by 0.258058 percent. This is because shareholders in the stock exchange in Indonesia did not consider the change of rate in the analysis of investment shares. And in line with the research done Luh Gede Sri Artini, et al using Ordinary Least Square (OLS) shows that the exchange rate effect is negative and insignificant against the composite stock price index in Indonesia.

5.4 Influence Gross Domestic Product (GDP) against the Composite Stock Price Index (IHSG) in Indonesia

Based on the results of the study showed that the change of the gross domestic product (GDP) in the short term to change the percentage of the composite stock price index (IHSG) in Indonesia with a coefficient of -5.409125. If the change of gross domestic product rose by 1 billion rupiahs, then change the percentage of inflation will be down by 5.409125 percent. This does not fit the theory of Keynes, the higher a person's income then the motive money already complex requests to the speculative motive. Rising gross domestic product (GDP) is a good signal (positive) for investment and vice versa. Increase the gross domestic product (GDP) had the purchasing power of the consumer so that they can increase the demand for the company's products. An increase in demand for the company's products will increase the profit of the company and ultimately may increase the company's share price (Tandelilin, 2010:212).

While in the long-term the gross domestic product (GDP) has a positive and significant influence the composite stock price index (IHSG) in Indonesia with a coefficient of 2.351471. If the change of the gross domestic product (GDP) rose by 1 billion rupiahs, then the change in the composite...
stock price index (IHSG) will rise by 2.351471. This is in accordance with the principles of the theory of Acceleration, there are a very tight linkage between national income with investment. Investment opportunity for achieving a greater level of national income in increasingly large numbers. In contrast, the investment will be increased if low national income, does not evolve and foretold will be incremented (Tandelilin, 2010:212).

6 CONCLUSIONS

Only The variable amount of the money supply (MS), BI interest rate (BI Rate) and gross domestic product (GDP) in the short-term a negative and significant effect against the composite stock price index (IHSG) in Indonesia. While the variable exchange rates (EXC) in the short-term and the long-term have no effect against the composite stock price index (IHSG) in Indonesia. And gross domestic product (GDP) is a positive and significant effect against the composite stock price index (IHSG). While in the long-term the money supply (MS) and the BI interest rate (BI Rate) have no effect against the composite stock price index (IHSG).

Adjusted R-squared value of 0.756959 can be explained that Government spending variable precision (GS), the that the money supply (MS), BI interest rate (BI Rate), the exchange rate (EXC) and gross domestic product (GDP), explains the variations change the composite stock price Index (IHSG) amounted to 75.69 percent. While the rest of 24.31 percent described other factors outside the model.

Because of and gross domestic product (GDP) is the main determining factor affecting the composite stock price index (IHSG) in Indonesia in both short-term and long-term so that the Government together with the private sector and the people able to work synergistically to increase the gross domestic product in order to be able to push the performance of capital markets. As for steps that can be taken include enhancement of human resources with a wide range of conveniences in education and the improvement of infrastructure and means of supporting the economy. As well as the granting of licenses and the ease of bureaucracy for the construction industry and the economy.

REFERENCES