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Analysis Of The Influence Of Exchange Rates, Interest Rates, And Inflation On Stock Price Index (Empirical Study On The LQ45 Index At The IDX 2019-2023)

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Abstract— This study aims to determine and analyze the effect of exchange rates, interest rates, and inflation on the stock price index of empirical studies on the LQ45 Index. The research method used is quantitative using secondary data. The sample in this study was 60 samples from time series data in the period 2019 to 2023. Data analysis techniques used in this study include classical assumption tests, multiple linear regression, t-tests, F-tests, and coefficients of determination. Based on multiple linear analysis, it was found that Y = 1597.532 - 0.058X1 + 12.362X2 + 45.009X3 + e. From the results of the t-test conducted on the exchange rate and inflation variables, they partially have a significant effect on the LQ45 stock price index, while the interest rate variable partially does not have a significant effect on the LQ45 stock price index in 2019 2023. From the results of the F test conducted on the exchange rate, interest rate and inflation variables together or simultaneously have a significant effect on the LQ45 stock price index in 2019-2023. Based on the results of the determination coefficient, the exchange rate, interest rate, and inflation have an effect of 37.8%, and the remaining 62.2% is explained by other variables not included in this study, such as gross domestic product, economic growth, and company financial performance.

Keywords— Exchange Rates; Interest Rates; Inflation; LQ45 Stock Price Index

I. INTRODUCTION

Investment is the activity or activity of placing funds or valuable assets in financial instruments for a certain period of time with the expectation of profit from this activity (Maniil et al., 2023). It can be said that investment is a way for companies to obtain capital. Companies must have sources of capital in order to run their business activities in the long term. The source of capital itself comes from within the company and even from outside the company. Internal sources of capital are capital obtained from within the company such as retained earnings and depreciation. While external sources of capital or sources of capital originating from outside are sources of capital obtained from other parties or third parties outside the company such as money markets and capital markets.

According to Capital Market Law No. 8 of 1995, the capital market is an activity related to public offerings and trading of securities public companies related to the securities issued. The capital market is a place where parties who need funds meet with parties who have excess funds by means of parties with excess funds making purchases of long-term valuable assets from companies that need funds.

One of the financial instruments in the capital market is stocks. Stocks are the most popular financial instruments, as can be seen on the Indonesia Stock Exchange, that stocks are one of the most popular financial instruments because they are considered to provide quite large profits. Stocks are defined as a form of ownership of a person's value of a company (Pratama et al., 2020). Shareholders are entitled to receive rights to the shares they own in the form of dividends.

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Before making an investment, prospective investors need to pay attention to the economic conditions of a country, especially macroeconomic conditions as a consideration before making an investment. This will be very useful for prospective investors in reducing the potential risks arising from economic instability and prospective investors can identify opportunities and plan strategies in choosing instruments that will generate profits. Macroeconomic factors include gross domestic product, inflation,

interest rates, exchange rates, unemployment and others. Macroeconomic factors will affect investment activities, especially the up and down movements of a stock price.

One of the macroeconomic factors that can influence stock price movements is the rupiah exchange rate.(Fahmi, 2012:87). The increase in the rupiah exchange rate against foreign currencies will cause import costs for a product to decrease, which will determine changes in the needs of other countries' currencies and if it is not or has not been met, the exchange rate of the foreign currency will tend to be high (Effendie, 2017:114).

Reported from CNBC Indonesia, the rupiah exchange rate has only strengthened twice, namely in 2019 and 2023, but in 2020, 2021, 2022 the rupiah weakened. The weakening of the rupiah in 2020 to 2022 was greatly influenced by global uncertainty starting from the Covid-19 pandemic, the Russia Ukraine war and policies issued by the United States central bank, the Fed. Meanwhile, one of the factors that made the rupiah strengthen was the heavy capital inflow. This refers to Bank Indonesia data that foreign investors recorded a net buy of IDR 94.68 trillion since the beginning of the year. Net buy on the Government Securities market was IDR 80.43 trillion and on the stock market was IDR 14.25 trillion. This condition caused capital to flow into the country so that the rupiah could strengthen further. Unlike the previous year, in 2022 foreign investors recorded a net sell of IDR.

172.94 trillion which caused a lot of capital to flow out of the country and had an impact on the weakening of the rupiah currency.

In addition to the exchange rate, Bank Indonesia's interest rate is one of the macroeconomic factors that can affect stock prices. According to OJK (2016) said Bank Indonesia interest rate is an interest rate announced by Bank Indonesia for one month regularly in a certain period of time which is used as a marker of monetary policy. The condition of rising interest rates will make investors tend to avoid losses in buying shares.

Reported from InfoPublik, the Bank Indonesia Board of Governors Meeting (RDG) on 19-20 February 2020 decided to lower the BI 7-Day Reverse Repo Rate by 25 bps to 4.75%, the deposit facility interest rate by 25 bps to 4.00%, and the lending facility interest rate by 25 bps to 5.50%. The occurrence of Covid-19 has increased the risks in the global financial market, thus encouraging the adjustment of global fund flows from developing to financial assets and commodities that are considered safe, and putting pressure on the currencies of developing countries. In December 2019 January 2020, there were several global economic indicators that showed improvements such as economic behavior, PMI, and export orders. Based on this phenomenon, it can be concluded that interest rates experienced movements in the 2019-2023 period due to Covid-19 which hampered global economic recovery and put pressure on the economies of developing countries such as Indonesia.

The next macroeconomic factor that influences and impacts stock prices is inflation. Inflation is an overall increase in prices that occurs continuously over an indeterminate period of time (Maniil, 2023). Reported from infobanknews.com, inflation in Indonesia after the Covid-19 pandemic or in 2023 continues to be controlled and even better than several countries in the world. The inflation rate in 2023 is controlled at 2.6% yoy, lower than the previous year when the pandemic was still hitting in 2020 at 5.5%. With proper fiscal management, not only is inflation controlled but the level of public welfare in 2023 is also improving. This is indicated by the open unemployment rate which is decreasing from 5.86% in the year to 5.32% in 2023.

In addition to paying attention to a country's economy, prospective investors also need to get information related to stock price movements. In Indonesia itself, stock price movements can be seen on the Indonesia Stock Exchange, one of which is the LQ45 Index. The LQ45 Index is one of the stock market indexes used to measure the performance of 45 selected companies traded on the Indonesia Stock Exchange.

According to Kennedie in Arfah et al. (2020), the LQ45 Index is a depiction of the calculation results of 45 selected company shares which must meet criteria such as high liquidity, stable market capitalization and good financial performance. Reported from CNBC Indonesia, in 2020 the global stock market fell sharply after crude oil prices hit a 2.5-year low in trading after the world's two largest oil producers failed to reach an agreement to regulate global supply in the face of the adverse impact of the corona virus on demand. The spread of COVID-19 to all corners of the world has caused investors to enter safe haven assets as a hedge against assets. Based on this, it can be seen that the LQ45 Index from 2019 to mid-2024 experienced continuous up and down movements.

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The decline in the LQ45 Index during this period occurred in 2020 when the world economy experienced a decline due to the pandemic, but in mid-2024 it weakened again to reach its lowest price which was influenced by global trends.

With the occurrence of this phenomenon, researchers are interested in conducting research entitled "Analysis of the Influence of Exchange Rates, Interest Rates and Inflation on the LQ45 Stock Price Index (Empirical Study on the LQ45 Index on the IDX 2019-2023)".

II. THEORETICAL BASIS

A. Exchange rate

According to Karya & Syamsuddin (2017:59.) the exchange rate is defined as the amount of domestic money needed, namely the amount of rupiah needed, to obtain one unit of foreign currency.Liantanu et al. (2023)defines the exchange rate as a unit of currency that can be exchanged for the number of units of another country's currency or the price of a country's currency relative to the price of another country's currency. The exchange rate occurs through the mechanism of balance of supply and demand for foreign currency measured against the country's currency (Effendie, 2017:114). Based on the definitions of the experts above, it can be concluded that the exchange rate is a value or price at which a country's money is exchanged or expressed in another country's currency which is influenced by the demand and supply of foreign currency.

B. Interest rate

The Financial Services Authority (2016:9) defines interest as an amount of funds, valued in money, received by the lender (creditor), while the interest rate is the ratio of interest to the amount of the loan. Meanwhile, according to Nasfi et al. (2022:86) interest rates are fees charged as a reciprocity between the bank and customers in using financial products. Bank interest rates are stated as the selling price of products offered to the public, both savings and credit products (Martono and Safii, 2022:213). According to the Financial Services Authority (2016:23) the BI rate is a policy interest rate that reflects the attitude or stance of monetary policy set by Bank Indonesia and announced to the public by the Board of Governors of Bank Indonesia through the Board of Governors Meeting held every month and implemented in monetary operations carried out through liquidity management in the money market to achieve operational targets of monetary policy. Based on the definitions of previous experts and researchers, it can be concluded that interest rates are costs charged to parties who use funds within a certain period of time which are widely applied as a monetary policy to maintain price stability, the influence of consumption, investment and inflation.

C. Inflation

Karya & Syamsuddin (2017:89) said that inflation is a condition or state of continuous price increases for all goods that apply to a particular economy. High inflation will affect a country's economy. According to Sukirno (2016:354) inflation is divided into two, namely hyperinflation which is a state of price increases in the economy whose level is very high and reaches much higher than 10 percent and often exceeds 100 percent. Inflation is defined as a continuous increase in the price level or a continuous decrease in the value of money. Inflation is measured statistically in terms of the percentage increase in the price index as a percentage rate per unit of time, usually one year or a month (Wibowo, 2020:231). Based on the definition given by experts, researchers conclude that inflation is an increase in the price of goods as a whole that occurs continuously in a certain period or time frame. Inflation usually continues to change every year and is influenced by several factor

D. Stock Price Index

According to the Indonesia Stock Exchange (2021:3) the stock price index is a statistical measure that reflects the overall price movements of a group of stocks selected based on criteria and methodology and evaluated periodically. The index is one of the performance indicators of a capital market. According to Lubis in Harsono (2018) the Stock Price Index is a measure based on statistical calculations to determine changes in stock prices at any time against the base year. Based on the definition put forward by experts, researchers define the stock price index as a statistical calculation indicator that provides information related to the movement and changes in stock or security prices.

III. METHODS

The research conducted by the researcher is quantitative research. Quantitative research can be interpreted as a research method based on the philosophy of positivism, used to research a certain population or sample, data collection using research instruments, data analysis is quantitative or statistical, with the aim of testing the established hypothesis. The philosophy of positivism views

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reality or symptoms or phenomena as classified, relatively fixed, concrete, observable, measurable, and the relationship between symptoms and cause and effect (Sugiyono, 2019:17).

In this study, the population used is time series data including the rupiah exchange rate against the US Dollar, interest rates and inflation and the LQ45 stock price index from the period 2019 to the period 2023 as many as 60 populations. The sampling technique uses total sampling, namely the sampling technique when all members of the population are used as samples (Sugiyono, 2019: 133). Based on this sampling technique, the sample of this study was 60 samples, obtained from time series data during the period 2019 to the period 2023.

Data analysis can be carried out if the data is needed in the research have been collected and then analyzed to draw conclusions. On In this study, the author used the SPSS analysis tool (Statistics Product and Service Solution) in the data analysis stage. The data analysis techniques used in this study include descriptive statistical analysis, classical assumption testing, and multiple linear regression analysis.

IV. RESULT AND DISCUSSION

A. Descriptive Statistical Analysis Result

Descriptive statistical analysis in this study aims to determine the description of the average value, maximum value, minimum value, and standard deviation. Based on the results of the SPSS test, the results of the descriptive statistical analysis are as follows:

Table 1. Descriptive Statistical Analysis

Model	N	Minimum	Maximum	Mean	Std. Deviation
X1	60	13,662	16,367	14,642,600	561,843
X2	60	3,500	6,000	4,641	1,010
X3	60	1,320	5,950	2,914	1,300
Y	60	691,130	1,109,330	933,506	90,494
Valid N	60				

Source: Secondary Data Processed, 2024

Based on Table 1. above, it can be seen that the number of objects studied (N) in 2019 2023 is 60 data consisting of time series data from 2019-2023. The explanation of the table above is as follows:

1. Stock Price Index Variable (Y)

   From Table 1. above, it can be seen that the average Stock Price Index on the LQ 45 Index is 933.506 which is stated in rupiah. The minimum value is 691.130 and the maximum value is 1,109.330. The minimum value of the Stock Price Index on the LQ 45 Index comes from March 2020 data while the maximum value comes from April 2019 data. The Standard Deviation Value of the Stock Price Index is 90.494.

2. Exchange Rate Variable (X1)

   From the data above, it can be described that the minimum value is 13,662 and the maximum value is 16,367 expressed in rupiah. The minimum value comes from the exchange rate in December 2019 while the maximum value is the exchange rate in March 2020. The average exchange rate is 14,642.600 and the standard deviation is 561.843.

3. Interest Rate Variable (X2)

   Based on the data, it can be seen that the minimum interest rate value is 3,500, derived from data from February 2021 to July 2022 which have the same data. The maximum interest rate value is 6,000, derived from data from January - June 2019 and October - December 2023 which have the same data and are expressed as a percentage. The mean value of the interest rate is 4.641 and the standard deviation is 1.010.

4. Inflation Variable (X3)

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Based on the data, it has a minimum value of 1.320 and a maximum value of 5.950 expressed in percent. The minimum value is the inflation data for August 2020 while the maximum value is the inflation data for September 2022. The average value of this variable is 2.914 and the standard deviation is 1.300.

B. Classical Assumption Test Results

1. Normality Test

Researchers conducted a normality test using One-Sample Kolmogorov-Smirnov. The basis for making the decision is, if asymp sig > α then the data is normally distributed but if asymp sig < α, then the data is not normally distributed. The results of the normality test can be seen in the following table:

Table 2. Results of the One-Sample Kolmogorov- Smirnov Normality Test

Model	Asymp.Sig	*α*	Information
Normality Test	0.200	0.050	Normally Distributed

Source: Processed Secondary Data, 2024

Based on Table 2. It can be seen that the results of the normality test have an Asymp. sig value of 0.200 which indicates that the Asymp. sig value is greater than α (0.05). The summary results of the normality test with One-Sample Kolmogorov-Smirnov can be seen that Asymp. sig > α or 0.200 > 0.05, meaning that the variables in this study are normally distributed. So, it can be concluded that the regression model meets the normality assumption so that testing can be continued.

2. Multicollinearity Test

The basis for drawing conclusions in the multicollinearity test is if Tolerance > 0.1 then, if VIF > 10 then the regression model has multicollinearity and if VIF < 10 then the regression model does not have or is free of multicollinearity. The results the multicollinearity test in this study can be seen in the following table:

Table 3. Multicollinearity Test Results

Model	*Collinearity Statistics*		Information
	Tolerance	VIF	
X1	0.796	1,257	There is no multicollinearity
X2	0.795	1,258	There is no multicollinearity
X3	0.680	1,470	There is no multicollinearity

Source: Processed Secondary Data, 2024

Based on Table3. It can be seen that the results of the multicollinearity test show a tolerance value above 0.1 and a VIF value below 10 for each variable. The tolerance values for the exchange rate, interest rate and inflation variables are respectively 0.796; 0.795; 0.680. While the VIF values produced for the exchange rate, interest rate and inflation variables are respectively 1.257; 1.258; 1.470. The basis for drawing conclusions is the exchange rate variable, 0.796> 0.1 and 1.257 <10; interest rate variable, 0.795> 0.1 and 1.258 <10; inflation variable, 0.680> 0.1 and 1.470

<10. Based on this, it can be concluded that all independent variables in the regression model do not have multicollinearity problems and are suitable for use in this study.

3. Autocorrelation Test

In autocorrelation testing, researchers use the Durbin-Watson test. The basis for drawing conclusions from the autocorrelation test is that if dU < d < 4-dU, then there is no autocorrelation. The results of the autocorrelation test are as follows:

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Table 4. Autocorrelation Test Results

Model	d	dU	4-dU	Information
Autocorrelation Test	1,736	1,688	2,311	No Autocorrelation Occurs

Source: Processed Secondary Data, 2024

From the results of the autocorrelation test, it can be seen that d = 1.736. The calculation for the autocorrelation test is d = 1.736; dU = 1.688; 4-dU = 2.311 obtained dU < d < 4-dU. Based on these calculations, the regression model autocorrelation.

4. Heteroscedasticity Test

In testing heteroscedasticity, researchers re-test using the White Test. The White Test can be done by regressing the squared residual value with the independent variable, the dependent variable and the multiplication between the independent variables (Ghozali, 2018: 144). The decision-making criteria are by looking at the Chi Square value, if the calculated Chi Square < Chi Square table, then there is no heteroscedasticity and vice versa. The result of the White Test can be seen as follows:

Table 5. Results of Heteroscedasticity Test with White Test

Model	R Square	Chi Square count	Chi Square table	Information
Heteroscedasticity Test	0.329	19,740	77,931	There is no heteroscedasticity

Source: Processed Secondary Data, 2024

Based on Table5. The researcher will compare the Chi Square calculation with the Chi Square table. To find out the Chi Square calculation, it is obtained by the formula, n multiplied by R Square. While the Chi Square table can be seen from the Chi Square table. The following is the calculation of the white test results:

$$Chi\ Square \text{ count} = n \times R\ Square$$

$$Chi\ Square \text{ count} = 60 \times 0.32$$

$$Chi\ Square \text{ count} = 19.74$$

For, it can be seen in the Chi Square table with the equation df = n – 1. So, df = 60-1, df = 59. Based on the Chi Square table, = 77.931. From the results of the calculation it can be seen that$Chi\ Square$ tabel$Chi\ Square$ tabelChi Squarecount < Chi Square table with a value of 19.740 < 77.931 and it can be concluded that there are no symptoms of heteroscedasticity in the regression model.

C. Multiple Linear Regression Analysis Result

The results of the multiple linear regression test carried out on each variable are as follows:

Table 6. Multiple Linear Regression Test Results

Model	*Unstandardized Coefficients*	
	B	**Std. Error**
1 (Constant)	1597,532	266,382
Exchange Rate (X_1)	-0.058	0.019
Interest Rate (X_2)	12,362	10,631
Inflation (X_3)	45,009	8,724

Source: Processed Secondary Data, 2024

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Based on Table 6. it can be seen that the multiple linear regression equation obtains the constant value and coefficient value of each variable. Furthermore, these numbers will be entered into the multiple linear regression equation formula, so that the following equation is formed:

$$Y = 1{,}597.532 - 0.058X1 + 12.362X2 + 45.009X3 + e$$

From the regression equation that has been made, variables that have positive and negative coefficient values are obtained.

The results of testing the regression equation are explained as follows:

1. The constant (α) is 1597.532, which means that if all independent variables are equal to 0 (zero) units, then the dependent variable has a value of 1597.532.
2. Exchange Rate has a coefficient value of -0.058. This shows that if the value of the exchange rate increases by 1 rupiah, the dependent variable or Stock Price Index will decrease by IDR 0.058.
3. The interest rate has a coefficient value of 12.362. This shows that if the value of the interest rate increases by 1%, the dependent variable or Stock Price Index increases by 12.3%.
4. Inflation has a coefficient value of 45.009. This shows that if the inflation value increases by 1%, the dependent variable or Stock Price Index will increase by 45%.

D. Hypothesis Testing

1. t-Test Results

In obtaining the results of whether the independent variable has an influence on the dependent variable, a comparison of the calculated t value with the t table is carried out. The level of significance for each independent variable is ≤ 0.05 as a significant level. The results of the t test are as follows:

Table 7. t-Test Results

Model	t count	t table	Sig.	α	Caption
Constantine	5,997	1,673	0,000	0.050	
Exchange Rate (X_1)	-3,077	1,673	0.003	0.050	Significantly Influential
Interest Rate (X_2)	1,163	1,673	0.250	0.050	No Significant Impact
Inflation (X_3)	5,159	1,673	0,000	0.050	Significantly Influential

Source: Processed Secondary Data, 2024

Based on the results of the t-test above, the following conclusions can be drawn:

1) Testing of exchange rate variables against stock price index.

It is known that the calculated t value > t table, namely -3.077 > 1.673 and the significant value is 0.000 < 0.05, so it can be concluded that H0 is rejected and H1 is accepted, meaning that the exchange rate partially has a significant negative effect on the stock price index on the LQ 45 Index.

2) Testing of interest rate variables against stock price index.

It is known that the calculated t value < t table, namely 1.163 < 1.673 and the significant value is 0.250 > 0.05, so it can be decided that H0 is accepted and H2 is rejected, meaning that the interest rate partially does not have a significant effect on the stock price index on the LQ45 Index.

3) Testing the inflation variable against the stock price index.

It is known that the calculated t value > t table, namely 5.159 > 1.673 and the significant value is 0.000 < 0.05, so it can be concluded that H0 is rejected and H3 is accepted, meaning that inflation partially has a significant

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positive effect on the stock price index on the LQ45 Index.

2. F Test Results (Simultaneous)

The F test is used to test whether the independent variables have a significant effect on the dependent variable together. To evaluate the hypothesis of whether or not there is an independent variable that explains the variation of the dependent variable, an F test can be conducted with a degree of confidence df1 = k - 1 and df2 = n - k, then df1 = 3-1 = 2 and df2 = 59-4 = 55 is 3.160. The results of the F test are as follows:

Table 8. F Test Results

Model	F count	F table	Sig.	α	Information
Regression	12,760	3,160	0,000	0.050	Significantly Influential

Source: Processed Secondary Data, 2024

Based on Table 8, it is known that the Fcount value > Ftable, namely 12.760 > 3.160 and the significant value is 0.000 < 0.050, so H0 is rejected and H4 is accepted, meaning that the exchange rate, interest rate and inflation together have a significant effect on the stock price index on the LQ45 Index.

3. Results of the Determination Coefficient Test (R2)

The results of the determination coefficient test for the influence of exchange rates, interest rates and inflation on the stock price index on the LQ45 Index can be seen in the table below as follows:

Table 9. Results of Determination Coefficient Testing

Model	Adjusted R Square
Coefficient of Determination	0.378

Source: Processed Secondary Data, 2024

Based on Table 9. it can be seen that the magnitude of the Adjusted R Square determination coefficient is 0.378. It can be interpreted that the percentage of variation in the Stock Price Index variable (Y) that can be explained by independent variables such as exchange rates (X1), interest rates (X2) and inflation (X3) is 37.8%. Then the remaining 62.2% is explained by other variables not included in this study such as gross domestic product, economic growth and company financial performance.

E. Discussion of Research Results

1. The Effect of Exchange Rates on the LQ45 Stock Price Index

Based on the test resultst, the exchange rate variable (X1) has a calculated t value > t table, namely -3.077 > 1.673 and a sig value of 0.003 < 0.05, meaning that H0 is rejected and H1 is accepted. It can be concluded that the exchange rate partially has a significant negative effect on the stock price index.

Karya & Syamsuddin (2017: 210) said based on the theory of the law of supply that a low (strengthening) exchange rate is a good condition for export-oriented companies, and this can trigger credit demand from businesses to

continue and increase their export products. With the increase in exports, it will stimulate economic growth and increased export activities will increase the demand for labor so that it will increase national income. This condition will indicate the economic stability of a country so that it will encourage investment activities to occur because a stable economy will reduce the risk of investment activities. Not only that, the low exchange rate will provide benefits to export oriented companies so that it will increase the profits obtained by companies listed in the LQ45 Index such as PT Adaro Energy Tbk, PT United Tractors Tbk, PT Bukit Asam Tbk, PT Vale Indonesia Tbk, PT AKR Corporindo Tbk, PT Indofood CBP Sukses Makmur Tbk, PT Charoen Pokhand Indonesia Tbk, and other companies. The increasing profit level will increase the dividends that will be distributed to shareholders. If the dividends distributed increase, it will be an attraction for investors. This condition will cause stock prices to increase in the capital market so that it will show that the stock price index will also increase. Based on this description, it can be concluded that the exchange rate has a negative effect on the stock price index on the LQ45 Index.

2. The Influence of Interest Rates on the LQ45 Stock Price Index

Based on the results of the t-test, the interest rate variable (X2) has a calculated t value < t table, namely 1.163 < 1.673 and a significant value of 0.250 > 0.05, so it can be decided that H0 is accepted and H2 is rejected. It can be concluded that interest rates partially do not have a significant effect on the stock price index.

Interest rates do not have a significant effect on the stock price index, indicating that when interest rates fall or rise, they will not have a significant effect on the stock price index. This reflects that the performance of the 45 stocks of LQ45 index issuers has high liquidity and large market capitalization and shows resilience even though interest rates fluctuate. In 2020, interest rates and stock price indexes both experienced a decline due to the pandemic, but in the following year, namely in 2021, interest rates were stable at 3.5% and this was different from the LQ45 stock price index which tended to strengthen due to economic recovery even though interest rates remained low. In the following years, it can still be seen that in 2022 to 2023, interest rates tended to increase and this was different from the LQ45 stock price index which increased in 2022 but fell in 2023 which was estimated due to global pressure but was still strong in certain sectors.

3. The Effect of Inflation on the LQ45 Stock Price Index

Based on the results of the t-test, the inflation variable has a calculated t value > t table, namely 5.159 > 1.673 and a significant value of 0.000 < 0.05, it can be concluded that H0 is rejected and H3 is accepted. It can be concluded that inflation partially has a significant positive effect on the stock price index.

Inflation has a significant positive effect on the stock price index indicating that investors are one of the parties who benefit during inflation. In line with the Theory of the law of demand explained by Karya & Syamsuddin (2017:92) that investors experience benefits from the increase in the price of the products they produce or sell. The increase in prices in the market will benefit companies that produce goods or basic necessities so that even though inflation occurs, people will still buy these products. Several LQ45 Index issuers that benefit during inflation are PT Unilever Indonesia Tbk, PT Indofood CBP Sukses Makmur Tbk, PT Telekomunikasi Indonesia, PT Astra Internasional Tbk, PT Kalbe Farma Tbk, and other issuers engaged in the manufacturing and telecommunications sectors. The LQ45 Index consists of many issuers that rely on essential products so that they have the ability to increase prices, especially in the consumption, energy, health, and banking sectors which often benefit from inflation. The profits owned by the company will increase the performance of the LQ45 Index so that the profits given to shareholders will also increase so that this will be an attraction for companies to invest in these sectors.

4. The Influence of Exchange Rates, Interest Rates and Inflation together on the LQ45 Stock Price Index

Based on the results of the F test, the variables of exchange rate, interest rate and inflation together have that the Fcount value> Ftable is 12.760> 3.16 and a significant value of 0.000 < 0.05, then H_0 is rejected and H4 is accepted, meaning that the exchange rate, Interest rate and Inflation together have a significant effect on the stock price index on the LQ45 Indeks. The Adjusted R Square determination coefficient value is 0.378. It can be interpreted that the percentage of variation in the Stock Price Index variabel (Y) that can be explained by independent variables such as exchange rate (X1), interest rate (X2) and inflation (X3) is 37.8%. The macroeconomic conditions of a country will affect the growth of the

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company's profits so that it will affect the dividends that will be distributed to shareholders so that it will make investors consider other aspects.

F. Research Implications

The implications of the results of this study are as follows:

1. Exchange Rate Variable Based on the research results showing that the exchange rate has a significant negative effect on the LQ45 stock price index, investors should always pay attention to exchange rate fluctuations because they can have a negative impact on the investment performance of these investors. One way that investors can consider in reducing the risk due to exchange rate fluctuations is portfolio diversification. The results of this study can also be used by the government to design fiscal policies that support economic growth and capital market stability. For example, policies that can increase export competitiveness and policies that can maintain exchange rate stability.
2. Interest Rate Variable Based on the results of the study showing that interest rates do not have a significant effect on the LQ45 stock price index, it can trigger further research to identify other factors that may affect the results of the study. Investors also need to pay attention to changes in interest rates, although they do not have a significant effect, changes in interest rates can affect the company's funding costs and indirectly can affect stock prices. The results of this study can also be used by the government in formulating monetary policies that can maintain the stability of the exchange rate and interest rates so as to encourage investment in Indonesia.
3. Inflation Variable The results of the study showed that inflation has a significant positive effect on the LQ45 stock price index can be used as a consideration by investors in making investment decisions. Investment in assets that have the potential for higher returns than the inflation rate can be an option to maintain purchasing power. Changes in the inflation rate need to be considered by investors because the instability of the economic situation will have a different impact on each company, for example during the Covid19 pandemic, the inflation rate was high but due to high demand for several sectors of needs, many LQ45 companies have the potential to have high returns. The results of this study can also be used by the government in issuing policies that can encourage economic growth and attract investors to invest in Indonesia.

V. CONCLUSION

The conclusion of this study regarding the influence of exchange rates, interest rates and inflation on the stock price index on the LQ45 Index for the 2019-2023 period is as follows:

1. The exchange rate variable has a significant effect and is negatively related to the stock price index on the LQ45 Index in 2019 2023. This can be seen from the test results which show a calculated t value > t table, namely -3.077> 1.673 and a significant value of 0.000<0.05 so it can be concluded that H_0 is rejected and H_1 is accepted.
2. The interest rate variable does not have a significant effect on the stock price index in the LQ45 Index in 2019-2023. This can be seen from the test results which show a calculated t value <t table, namely 1.163 <1.673 and a significant value of 0.250 > 0.05 so that it can be concluded that H_0 is accepted and H_2 is rejected.
3. The inflation variable has a significant effect on the stock price index on the LQ45 Index in 2019-2023.

   This can be seen from the test results which show a calculated t value> t table, namely 5.159> 1.673 and a significant value of 0.000 <0.05, so it can be concluded that H_0 is rejected and H_3 is accepted.
4. The variables of exchange rate, interest rate and inflation together have a significant effect on the stock price index on the LQ45 Index in 2019-2023. This can be seen from the test results which show the Fcount value> Ftable, namely 12.760> 3.16 and a significant value of 0.000 <0.05 so that it can be concluded that H0 is rejected and H4 is accepted.
5. The resulting determination coefficient value is 0.378, which shows the magnitude of the influence of the exchange rate, interest rate and inflation together on the stock price index on the LQ45 Index in 2019-2023 is 37.8% and the remaining 62.2% is influenced by other variables not mentioned in this study.

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