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The Effect of Exchange Rates And Interest Rates on The Composite Stock Price Index on The Indonesia Stock Exchange 2015-2025 Period

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Abstract: *This study examines the effect of exchange rates and interest rates on the Jakarta Composite Index (JCI) on the Indonesia Stock Exchange during 2015–2025. A quantitative approach was applied using secondary data from 11 annual observations. The exchange rate was measured by the year-end Rupiah-to-US Dollar middle rate, the interest rate by the year-end Bank Indonesia benchmark rate, and the JCI by its annual closing value. Data were analyzed using multiple linear regression with SPSS Version 26. The results show that the exchange rate has a positive and significant effect on the JCI (coefficient = 0.763; t = 5.404; p = 0.001), whereas the interest rate has no significant partial effect (coefficient = 0.316; t = 0.411; p = 0.692). Simultaneously, both variables significantly affect the JCI (F = 16.594; p = 0.001). The model's R-square is 0.806, while its adjusted R-square is 0.757. These findings indicate that exchange rate movements are significantly associated with JCI fluctuations during the observation period.*

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Introduction

The Jakarta Composite Index (JCI) can describe a historical series of movements in the combined stock prices of all issuers listed on the Indonesia Stock Exchange, both common and preferred stocks. Through the movement of this JCI, investors can determine whether the capital market is experiencing an increase (bullish) or a decrease (bearish). By observing these conditions, investors need to implement various strategies to address these conditions. The decline and increase in the JCI can be caused by several macroeconomic factors, such as the rupiah exchange rate and interest rates.

Throughout 2015–2025, the Rupiah exchange rate against the US Dollar fluctuated. The highest value for the buying and selling rates occurred in 2025 at Rp16,865 per USD, while the lowest was in 2016 at Rp12,807 per USD. Bank Indonesia's interest rate fluctuated during 2015–2025. The highest

value occurred in 2023 and 2024 at 6.00, while the lowest was in 2020 at 3.5. The Jakarta Composite Index (JCI) on the Indonesia Stock Exchange (IDX) fluctuated significantly during 2015–2025. The highest value of the JCI occurred in 2025 at Rp8,647, while the lowest was in 2015 at Rp4,593.

The results of research conducted by Pratama and As'ari (2023) stated that the exchange rate significantly influences the Composite Stock Price Index. However, research by Iman et al. (2025) stated that the exchange rate does not significantly influence the Composite Stock Price Index. The results of research by Yulianto and Nurmalasari (2026) showed that interest rates significantly influence the Composite Stock Price Index. Research by Iman et al. (2025) stated that interest rates do not significantly influence the Composite Stock Price Index.

Literature Review

Exchange rate

According to Putra (2022) "the exchange rate is a comparison of the value of a country's currency against the currency of another country used in international transactions. Changes in exchange rates can affect the value of transactions, cash flow, profits, and company risks". According to Kumaat (2022) "the exchange rate is a comparison of the value of the domestic currency with foreign currencies. Exchange rate movements can indicate the strengthening or weakening of a country's currency against the currency of another country". According to Sukirno (2022: 397) "the foreign exchange rate or exchange rate is the price or value of a country's currency expressed in the currency of another country. According to Yanuar (2018: 287-293) "the exchange rate consists of two, namely: a. The nominal exchange rate is the price of one unit of foreign currency in terms of the value (size) of the domestic currency. b. The real exchange rate is the value used to exchange (compare) the relative prices of domestic goods and services with the prices of foreign goods and services.

The exchange rate plays a crucial role in achieving monetary stability and supporting economic activity. The exchange rate is the price at which two currencies are exchanged, and when two different currencies are exchanged, there is a comparison of their values. This comparison is called the exchange rate. A strengthening or appreciating exchange rate makes a foreign currency cheaper.

Interest rate

According to Kasmir (2020) "interest rates are the rewards given by banks to customers or that customers must pay to banks. Interest rates are related to the activities of buying and selling banking products based on conventional principles". According to Kuncoro (2020) "interest rates are the price that must be paid for the use of funds within a certain period of time. The interest rate plays a role in influencing people's decisions to save, borrow funds, and invest". According to Kumaat (2022) "interest rates are costs that must be paid by parties who borrow funds and income received by parties who provide funds. Changes in interest rates can affect the demand for money, investment, capital flows, and exchange rates". According to Kuncoro (2020) "interest rates have benefits as a monetary tool in managing the supply and demand for money in a country, they can also regulate the circulation of money, when interest rates are high, people will save more of their money in banks and if interest rates are low, people will take money back from banks.

The crucial role of interest rates can have side effects in interest rate calculations, such as inflation, which, when increased, can lead to increased unemployment or even an economic recession. Bank Indonesia's policy of raising interest rates can negatively impact economic activity. The interest rate data used in this study is based on the closing price at the end of the transaction period, thus reflecting the current state of monetary policy at that time.

Composite Stock Price Index

According to Sunariyah (2020), "the composite stock price index of all stocks can provide general information regarding the movement of the composite stock price of all stocks from the past to the present." According to Halim (2018:14) "The Composite Stock Price Index (IHSG) is an index that includes all shares of issuers listed on the Indonesia Stock Exchange (IDX) and is used as an indicator

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in measuring the movement of stock prices as a whole."

The increase or decrease in the Composite Stock Price Index does not reflect that all shares on the IDX are experiencing an increase or decrease, because the increase in the Composite Stock Price Index reflects that the majority of listed share prices are experiencing an increase when compared to shares that are experiencing a decrease and vice versa.

Research Methods

According to Sugiyono (2019) "data collection techniques can be used to gather information needed to achieve research objectives, such as identifying problems, gathering information about the problem, finding solutions to the problem, and then evaluating the solution". In this study, secondary data was used in the form of middle rates for exchange rates, interest rates, and closing prices of the composite stock price index, all of which were taken at the end of December each year. This research was not conducted directly at the Indonesia Stock Exchange (IDX) office but rather by conducting a library search where the data was taken from the official website of Yahoo Finance and the Indonesia Stock Exchange with the sitehttps://finance.yahoo.com,https://idx.co.id. and for interest rate data taken from the Central Statistics Agency (BPS) with the websitehttps://www.bps.go.id/id. Data analysis techniques using descriptive statistical analysis, classical assumption tests, multiple linear regression analysis, coefficient of determination, hypothesis testing.

Research Results

Data testing used the Statistical Package for the Social Sciences (SPSS) 2026 application. The results of this research data testing are as follows:

Table 1. Descriptive Statistics

Descriptive Statistics

	N	Minimum	Maximum	Mean	Standard Deviation
Exchange rate	11	12807.00	16865.00	14109.8182	1215.07751
Interest rate	11	35.00	600.00	383.1818	222.99409
IHSG	11	4593.01	8646.94	6468.2018	1056.95522
Valid N (listwise)	11				

Source: Results of SPSS 26 data processing

Based on table 1 above, it shows that the results of descriptive statistical analysis are: a. The exchange rate has an average of 14109 with a standard deviation of 1215. The highest value is 16865 and the lowest value is 12807, b. The interest rate has an average of 6468 with a standard deviation of 222. The highest value is 600 and the lowest value is 35.00, respectively, c. The composite stock price index is an average of 6468, with a standard deviation of 1056. The highest value is 8646 and the lowest value is 4593.

Table 2.Normality Test Results

One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		11
Normal Parametersa,b	Mean	.0000000
	Standard Deviation	465.81811813
Most Extreme Differences	Absolute	.087
	Positive	.087
	Negative	-.087
Test Statistics		.087
Asymp. Sig. (2-tailed)		.200c,d

SPSS 26 data processing results

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Based on table 2 aboveIt can be seen that the significance value with the Kolmogorov-Smirnov Test is α = 0.200, which is greater than 0.05. This shows that the distribution assumption of the equation in this test is normal.

Table 3. Multicollinearity Test Results

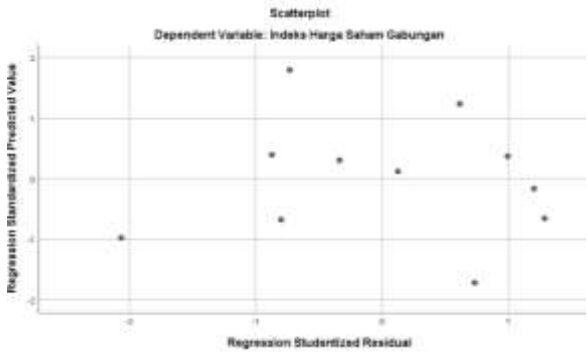
Coefficientsa

Model		Unstandardized Coefficients		Collinearity Statistics	
		B	Std. Error	Tolerance	VIF
1	(Constant)	-4414.313	1936,418		
	Exchange rate	.763	.141	.922	1,084
	Interest rate	.316	.769	.922	1,084

a. Dependent Variable: IHSG

SPSS 26 data processing results

Based on table 3, it can be seen that the Variance Inflation Factor (VIF) figure is smaller than 10, including the exchange rate 1.084 < 10, interest rate (X2) 1.084 < 10, and the tolerance value for the exchange rate 0.922 < 0.10 and interest rate (X2) 0.922 < 0.10, so it is free from multicollinearity symptoms.



SPSS 26 data processing results

Figure 1. Heteroscedasticity Test

Based on figure 1 above,The scatterplot shows that the resulting points are spread randomly, do not form a particular pattern or line trend, and show that the points are spread well above and below zero on the Y axis. So it can be concluded that the results of this test show that this regression model is free from heteroscedasticity problems.

Table 4. Autocorrelation Test Results

Model Summary

Model	R	R Square	Adjusted R Square	Standard Error of the Estimate	Durbin-Watson
1	.898a	.806	.757	520.80049	1,896

a. Predictors: (Constant), Interest Rates, Exchange Rates

b. Dependent Variable: IHSG

SPSS 26 data processing results

Based on Table 4 above, it can be seen that the results for the Dw value are 1,896. A DW value between 1,730-2,270 means there is no autocorrelation.

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Table 5. Multiple Linear Regression

Coefficientsa

Model		Unstandardized Coefficients B	Unstandardized Coefficients Std. Error	Standardized Coefficients Beta	t	Sig.
1	(Constant)	-4414.313	1936,418		-2,280	.052
	Exchange rate	.763	.141	.877	5,404	.001
	Interest rate	.316	.769	.067	.411	.692

a. Dependent Variable: IHSG

SPSS 26 data processing results

Based on table 5, the multiple linear regression is obtained as follows:

$$Y = -4414.313+0.763X1+ 0.316X2+e$$

The interpretation of the multiple linear regression equation is:

a. The constant of -4414.313 states that if the exchange rate and interest rate variables are constant (fixed) or zero (not rotating), then the composite stock price index level is -4414.313.
b. The exchange rate regression coefficient of 0.763 has a positive value, indicating that every 1 unit increase in the exchange rate will increase the composite stock price index by 0.763 units, assuming that other variables are constant (fixed).
c. The interest rate regression coefficient of 0.316 indicates that it has a positive value, every 1 unit increase in the interest rate will increase the composite stock price index by 0.316 units, assuming that other variables are constant (fixed).

Table 6. Analysis of Determination Coefficient

Model Summary

Model	R	R Square	Adjusted R Square	Standard Error of the Estimate	Durbin-Watson
1	.898a	.806	.757	520.80049	1,896

a. Predictors: (Constant), Interest Rates, Exchange Rates

b. Dependent Variable: IHSG

SPSS 26 data processing results

Based on table 6, it is known that the Adjusted R Square figure is 0.806 or 80.6%, meaning that the exchange rate and interest rate variables influence the composite stock price index variable by 80.6% and the remaining 19.4% is influenced by other factors.

Table 7. t-Test (Partial)

Coefficientsa

Model		Unstandardized Coefficients B	Unstandardized Coefficients Std. Error	Standardized Coefficients Beta	t	Sig.
1	(Constant)	-4414.313	1936,418		-2,280	.052
	Exchange rate	.763	.141	.877	5,404	.001
	Interest rate	.316	.769	.067	.411	.692

a. Dependent Variable: IHSG

SPSS 26 data processing results

Based on the table above 7, it can be seen that: a. The effect of the exchange rate on the composite stock price index t count of 5.404> t table of 2.57058 and significant of 0.001<0.05 So it can be concluded that there is a partial exchange rate variable that has a significant effect on the composite stock price index so that Ho1 is rejected and Ha1 is accepted, b. The effect of interest rates on the composite stock price index t count of 0.411<t table of 2.57058 and significant of 0.692> 0.05. So it can be concluded that there is a partial interest rate variable that does not have a significant effect on the composite stock price index so that Ho2 is accepted and Ha2 is rejected.

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Table 8. F Test (Simultaneous)

ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	9001678.162	2	4500839.081	16,594	.001b
	Residual	2169865.192	8	271233.149		
	Total	11171543.354	10			

a. Dependent Variable: IHSG

b. Predictors: (Constant), Interest Rates, Exchange Rates

SPSS 26 data processing results

Based on table 8 above, it shows that the F count value is 16,594 while the F table is 4.46 so that the F count is 16,594> F table 4.46 and is significantly smaller than 0.05, namely 0.001 <0.05, so it can be said that Ho3 is rejected and Ha3 is accepted and so that in this study the exchange rate and interest rates simultaneously have a significant effect on the composite stock price index.

The Effect of Exchange Rates on the Composite Stock Price Index

It can be seen that the partial hypothesis test t count is 5.404> t table of 2.57058 and is significant at 0.001 < 0.05, so there is a partial exchange rate variable that has a significant effect on the composite stock price index so that Ho1 is rejected and Ha1 is accepted.The results of this study align with those of Pratama and As'ari (2023), who stated that the exchange rate significantly influences the Jakarta Composite Index (JCI), where exchange rate fluctuations are a key indicator in capital market investment decisions. However, these findings differ from those of Iman et al. (2025), who stated that the exchange rate does not significantly influence the Jakarta Composite Index because investors prioritize company fundamentals over macroeconomic factors.

The Effect of Interest Rates on the Composite Stock Price Index

It can be seen that the partial hypothesis test t count is 0.411 < t table of 2.57058 and significant 0.692> 0.05. Therefore, there is a partial interest rate variable that does not have a significant effect on the composite stock price index so that Ho2 is accepted and Ha2 is rejected.The results of this study align with those of Yulianto and Nurmalasari (2026), which showed that interest rates significantly influence the Jakarta Composite Index (JCI), where an increase in interest rates leads to a decrease in the index. However, these results contradict those of Iman et al. (2025), which stated that interest rates do not significantly influence the Jakarta Composite Index due to other factors such as political stability and global sentiment that more dominantly influence the stock market.

The Effect of Exchange Rates and Interest Rates on the Composite Stock Price Index

Simultaneously, the F count value is 16,594 while the F table is 4.46 so that the F count is 16,594> F table 4.46 and is significantly smaller than 0.05, namely 0.001 <0.05, so there is a simultaneous exchange rate and interest rate that have a significant effect on the composite stock price index, it is said that Ho3 is rejected and Ha3 is accepted and so in.The results of this study align with those of Trinanda et al. (2024), which found that exchange rates and interest rates simultaneously significantly influence the Composite Stock Price Index. Research by Pratama and As'ari (2023) also shows that this combination of macroeconomic variables has a strong influence on stock market fluctuations in Indonesia.

Conclusion

Based on the results of processing and analyzing research data regarding the influence of exchange rates and interest rates on the composite stock price index, the following conclusions can be drawn:

1. Partially, the exchange rate has a significant partial effect on the composite stock price index so that Ho1 is rejected and Ha1 is accepted.
2. Partially, interest rates do not have a significant effect on the composite stock price index, so

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Ho2 is accepted and Ha2 is rejected.

3. Simultaneously, the exchange rate and interest rate have a significant effect on the composite stock price index, so Ho3 is rejected and Ha3 is accepted.

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