

ABSTRACT

The COVID-19 pandemic has had a negative effect on global stock markets. The integration between local financial markets and global financial markets requires investors to be able to understand the development of external factors. The movement of the Composite Stock Price Index (JCI) is influenced by macroeconomic fundamentals in Indonesia and global economic conditions. In addition to the JCI, the increase in the number of confirmed cases of COVID-19 has further increased the volatility of the exchange rate. This phenomenon not only affects Indonesia, but also affects economic conditions in various countries.

This study aims to determine whether there is a causal relationship between the Exchange Rate and the selected Foreign Stock Index and the Composite Stock Price Index (IHSG). The selected foreign stock indexes are the Dow Jones Industrial Average (DJIA), the Nikkei225 Index, and the Shanghai Index Composite (SSEC). This causality relationship is done by analyzing the rate of return of each variable.

This study uses quantitative data in the form of time series data. The research collects secondary data obtained from the websites investing.com and bi.go.id. The research method used is the Augmented Dickey Fuller Unit Root Test, and Granger Causality.

The results of the study using Granger Causality indicate that the Exchange Rate, DJIA Index, and Nikkei225 Index have a causal relationship to the Composite Stock Price Index. The SSEC index does not have a causal relationship with the Composite Stock Price Index. This means that the JCI movement has the influence of the Exchange Rate, the DJIA Index, and the Nikkei225 Index.

Keywords : DJIA, Exchange Rate, Granger Causality, Nikkei225, SSEC.