

ABSTRACT

This study aims to examine the effect of macroeconomic condition and the residential property price index (RPPI) on Stock Price Index of Property, Real Estate and Construction Sectors (JKPROP) in Indonesia. The instability of the monetary conditions, as seen by fluctuations in inflation rates, interest rate, and GDP growth, contributes to the disruption of economic stability. The aforementioned condition demonstrates a correlation between macroeconomic factors and the stock price index in the stock market. The data used in this study are time series in quarterly data from 2010Q1 – 2019Q4 and employed the Error Correction Model (ECM) as the methodology of this study. The result of the analysis shows that Economic Growth (GDP) has significant effect both in the long-run and in the short-run, Interest Rate of Time Deposit (IR) has significant effect in the long run, while Inflation (INF) and Residential Property Price Index (RPPI) has no effect to the stock price index of property, real estate and construction sectors (JKPROP) both in the long-run and short-run.

Keyword: stock price index of property, real estate and construction sectors (JKPROP), macroeconomic condition, time series, error correction model (ECM)