ABSTRACT

This study aims to analyze the relationship between global external variables—namely international stock indices, foreign inflation, and exchange rates—and the movement of Indonesia's Composite Stock Price Index (IHSG) during the period of January 2010 to October 2024. Using Spearman correlation and Canonical Correlation Analysis (CCA), the research evaluates the strength and structure of multivariate relationships within the context of an open financial market. The analysis reveals that major global stock indices such as the NYSE Composite (USA), FTSE All Share (UK), and TOPIX (Japan) exhibit strong positive correlations with IHSG. Meanwhile, exchange rates against the Rupiah, particularly USD/IDR and CNY/IDR, show significant negative correlations, indicating the sensitivity of IHSG to currency depreciation. Inflation in key partner countries such as Japan and the United States also shows positive, albeit weaker, associations. CCA results indicate a canonical correlation of 0.981 with a Wilks' Lambda of 0.038, suggesting a very strong multivariate association. The cross-loading of IHSG on the global canonical variate is 0.974, indicating that nearly all IHSG variation can be explained by these global factors. These findings underscore the importance of integrating global external variables into national policy formulation and investment strategies.

Keywords: Jakarta Composite Index, global stock indices, exchange rates, inflation, canonical correlation analysis, financial integration