ABSTRACT

The aim of this study is to investigate the effect of macroeconomic factors toward sectorial index at Indonesian Stock Market. Macroeconomic factors which used at this study are World's oil price, currency, and American Central Banks rate (Fed Rate).

Generalized AutoRegressive Conditional Heteroscedasticity (GARCH) method is used in this study to test proposed hypothesis. The period of January 2006 to December 2016 is used as a research sample by taking the monthly price of each variable, so that 132 samples are obtained. In addition, this study also conducted descriptive analysis, stationary test, classical assumption test (normality and autocorrelation), best model selection test (SIC and AIC), ARCH effect test, F-statistic test, Z-statistic test, and coefficient of determination test. E-views program 9 is used in conducting hypothesis testing research.

The result of hypothesis testing by GARCH method shows that world oil price significantly have positive effect to the index of agriculture sector, and mining sector. Then the rupiah exchange rate variables significantly have negative effect towards the nine existing sector indices. While the fed rate variable show positive effect to the index of infrastructure sector and trade sector.

Keywords: World's Oil Price, Rupiah Exchange Rate, Fed Rate, Sectorial stock price Index, GARCH