

ABSTRACT

The purpose of this study is to analyze causality relationship between stock price, interest rate, and exchange rate. The sample used in this study are Indonesian composite stock price index, rupiah to US dollar exchange rate, interest rates in Indonesia with monthly data during observation period from January 2000 until December 2017. The analysis technique used to test the hypothesis in the study is Vector Auto Regression (VAR) .

The results of the study pre-crisis there is a one-way causality relationship between the exchange rates and interest rates. There is no causality relationship between Indonesian composite stock price index and exchange rates or Indonesian composite stock price index and interest rates. There is two-way causality relationship between exchange rates and interest rates. The result of this study in all periods there is a one-way causality relationship between Indonesia composite stock price index and exchange rates as well as Indonesia composite stock price index and interest rates. There is no causal relationship between exchange rates and interest rates

Keywords: Composite Stock Price Index (CSPI), Exchange Rate, Interest Rate