ABSTRACT

The purpose of this research is to analize the influence of change of macroeconomics variable toward the return of sectoral indices in primary, secondary, and tertiary sectors, and also to identify causality relationship among the return of sectoral indices in Indonesian Stock Exchange. Independent variables used in this research are the change of USD/IDR exchange rate, inflation, BI rate, foreign reserves, and gross domestic product (GDP), while dependent variables are return of sectoral indices in primary, secondary, and tertiary sectors. This research use monthly data from January 2000 until Desember 2015.

Processing and Analizing of data in this research is done with Vector Autoregressive (VAR) method. The steps of VAR method in this research is begun by data stationary test use Augmented Dickey Fuller test (ADF test) and Philips-Perron test (PP test), and then followed by VAR model estimates including the use optimal lag, t-statistics test, F-statistics test, and monitoring of determination coefficients. This research also will be done by granger causality test, impulse response function analyses, and forecast error variance decomposition analyses to identify causality relationship among the return of sectoral indices.

The result of this research conclude that the change of USD/IDR exchange rate had negative and significant impact to return of index in primary, secondary, and tertiary sectors. The change of inflation had postive and significant impact only to return of index in primary sector. The change of BI Rate had negative and significant impact to return of index both in secondary and tertiary sectors. The change of foreign reserves had positive and significant impact to return of index in primary, secondary, and tertiary sectors. On the other hand, the change of gross domestic product (GDP) had no impact to return of index in all sectors. Based on granger causality test, this research conclude that return of index in primary sector had significant impact to return of index in secondary and tertiary sectors. Return of index in secondary sector had significant impact only to return of index in tertiary sector, while return of index in tertiary sector had no significant impact to return of index both in primary and secondary sectors.

Based on the results of this research, investors should consider to the domestic macroeconomic factors while investing in capital market especially in stock instruments, because the change of macroeconomics indicator will influence return of sectoral indexes in Indonesian Stock Exchange. Investors also suggested to diversify their stocks portfolio in several sectors based on macroeconomics condition in order to get optimal return of their investments.

Keywords: Macroeconomics, Exchange Rate, Inflation, BI Rate, Foreign Reserves, Gross Domestic Product, Return, Sectoral Index, Vector Autoregressive