ABSTRACT

This study aims to analyze the short-term and long-term effects of Indonesia's macroeconomic conditions as measured using the benchmark interest rate, inflation, rupiah exchange rate against the United States Dollar, real gross domestic product and foreign factors as measured by the Dow Jones Index, the Hang Seng Index. , Nikkei 225 index, world gold prices, and short-term United States debt securities on the volatility of the Jakarta Composite Index (JCI) using monthly time series data from 2010 to 2019. The analytical tool used in this study is Error Correction Model (ECM), assisted with E-Views 10 software.

From the results of empirical analysis proves that, in the short term, the variables of interest rates, inflation, exchange rates, and real gross domestic product have a negative effect on the JCI. Meanwhile, the Dow Jones index, Hang Seng, Nikkei 225, world gold prices and US Treasury Bills have a positive effect on the JCI. However, in the long term interest rate, rupiah exchange rate, gross domestic product, Nikkei 225 Index, and United States Treasury Bills have a negative effect on the JCI. Meanwhile, inflation variables, the Dow Jones Index, Hang Seng, and world gold prices have a positive effect on the JCI.

Keywords: *Jakarta Composite Indeks (JCI), ECM, Inflation, Interest Rates, Exchange Rate, Dow Jones, Hang Seng, Nikkei 225, Treasury Bills*