



## Analysis of Macroeconomic Factors on the Movement of the Stock Market

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### Abstract

This study aims to analyze the influence of macroeconomic variables consisting of Inflation, Gross Domestic Product (GDP), Interest Rates, Exchange Rates, and Unemployment Rates on the Composite Stock Price Index (IHSG) on the Indonesia Stock Exchange. This study employs a causal quantitative approach by observing monthly time series data from January 2015 to December 2024. Through saturated sampling, 120 secondary data observations were obtained, sourced from the Central Bureau of Statistics, Bank Indonesia, and the Indonesia Stock Exchange. Data analysis was conducted using multiple linear regression based on Ordinary Least Squares (OLS) which fulfilled the classical assumption tests. The results concluded that simultaneously, Inflation, GDP, Interest Rates, Exchange Rates, and the Unemployment Rate have a significant effect on the IHSG. Partially, GDP and the Exchange Rate were proven to have a significant positive effect on the IHSG. Conversely, Interest Rates and the Unemployment Rate have a significant negative effect. Meanwhile, the Inflation variable was proven to have no significant effect on the IHSG during the observation period. The implications of this study emphasize that real and monetary macroeconomic factors dominate asset valuation sentiment in emerging capital markets.

## Introduction

The Jakarta Composite Index (JCI) is a key barometer of Indonesia's economic direction and a primary reference for investors in allocating long-term capital (Tandelilin, 2017). Over the 2015–2024 period, the JCI exhibited substantial fluctuations in response to major domestic and global events. The COVID-19 shock, for instance, pushed the index down to 4,538 in 2020, before the market gradually recovered and surpassed the 7,200 level in subsequent years (Abdi et al., 2024). These movements indicate that stock price dynamics in Indonesia are closely linked to changes in macroeconomic conditions, making the examination of macroeconomic determinants of the JCI both relevant and necessary.

According to the Efficient Market Hypothesis and Arbitrage Pricing Theory, macroeconomic fundamentals are vital determinants of stock market behavior. Fama (1970) asserts that in semi-strong efficient markets, prices are quick to reflect public macroeconomic releases. Parallel to this, Ross (1976) identifies through APT that systematic variables like economic growth and interest rates are the true drivers of stock returns. Because investors recalibrate their portfolios when new data arrives, indices such as the JCI serve as a reflection of these broader economic shifts.

One important macroeconomic factor is inflation. In theory, inflation tends to weaken stock market performance because rising prices erode household purchasing power, increase firms' production costs, and reduce the present value of expected cash flows, as explained by the

Fisher Effect (Mankiw, 2022; Sloan & Fisher, 1931). In this context, persistent inflation should exert downward pressure on stock prices. However, some studies suggest that moderate and controlled inflation may also be interpreted as a sign of recovering consumption, particularly in consumer-oriented sectors (Mafaza et al., 2023; Sanfa & Tjandrasa, 2024). This indicates that the effect of inflation on the JCI remains empirically open to verification.

Economic growth, commonly proxied by Gross Domestic Product (GDP), is also expected to influence stock market valuation. GDP reflects the economy's real productive capacity and overall demand conditions. The Gordon Growth Model suggests that stronger economic growth improves corporate earnings and dividend prospects, thereby supporting higher stock prices (Gordon, 1959). In Indonesia, GDP contracted during the pandemic in 2020 but returned to approximately 5% growth during 2022–2024. While several studies report a positive and significant effect of GDP on the JCI (Laraswati, 2023; Mafaza et al., 2023; Ratnaningrum et al., 2022), others note that the transmission may be delayed due to uneven information absorption in the capital market. This inconsistency justifies renewed empirical investigation.

Interest rates constitute another central determinant of stock market movement. Under APT and the opportunity cost framework, rising benchmark interest rates increase the relative attractiveness of low-risk financial instruments such as deposits and bonds, prompting investors to reallocate funds away from equities (Endri et al., 2020; Ross, 1976). In turn, this portfolio shift reduces stock market liquidity and places downward pressure on the JCI. In the Indonesian context, changes in Bank Indonesia's policy rate have repeatedly been associated with shifts in stock market direction (Angga Dwi Prasetyo et al., 2025; Gery, 2023), suggesting that interest rate policy remains a crucial variable in equity pricing.

The exchange rate is similarly important because it captures external vulnerability and trade competitiveness. Rupiah depreciation may adversely affect the stock market by increasing the burden of foreign currency debt and imported input costs, as explained by Debt Burden Theory (Dornbusch et al., 1980). For firms exposed to foreign liabilities or import dependence, exchange rate weakening can compress margins and raise bankruptcy risk, thereby triggering negative investor sentiment and sell-offs. Although the Flow-Oriented Model recognizes that depreciation may benefit export-oriented firms, the broader market effect in emerging economies such as Indonesia is often negative, particularly when foreign debt exposure is substantial (Al-Hanif et al., 2023; Febriana & Khairunnisa, 2023).

In addition, labor market conditions may influence stock performance through aggregate demand. The unemployment rate reflects the economy's capacity to absorb productive labor. Based on Okun's Law, rising unemployment signals weaker economic activity and lower household purchasing power, which can reduce corporate revenues and dampen investor expectations (Okun, 1963). The surge in layoffs during the early pandemic period illustrated how deteriorating labor market conditions can coincide with falling confidence in firms' future profitability and, ultimately, declining stock market performance (Abdi et al., 2024).

Although the theoretical linkage between macroeconomic indicators and stock market performance is well established, prior studies in Indonesia still report mixed and even contradictory findings. Mafaza et al. (2023) found that inflation and GDP positively affected the JCI, while Subagyo et al. (2018) reported negative or insignificant effects for similar variables. Divergent findings are also evident for interest rates, exchange rates, and unemployment. These inconsistencies indicate an unresolved empirical gap, particularly in the context of Indonesia's highly dynamic economy over the last decade, which includes periods of crisis, recovery, monetary tightening, and exchange rate volatility. Therefore, re-examining

the relationship between key macroeconomic variables and the JCI using a 2015–2024 observation period is important to provide updated and contextually relevant evidence.

Based on the theoretical arguments and prior empirical findings, this study examines the effects of inflation, GDP, interest rates, exchange rates, and the unemployment rate on the JCI in Indonesia. The hypotheses are formulated as follows:

H<sub>1</sub>: Inflation has a negative effect on the Jakarta Composite Index.

H<sub>2</sub>: Gross Domestic Product has a positive effect on the Jakarta Composite Index.

H<sub>3</sub>: Interest rates have a negative effect on the Jakarta Composite Index.

H<sub>4</sub>: The exchange rate has a negative effect on the Jakarta Composite Index.

H<sub>5</sub>: The unemployment rate has a negative effect on the Jakarta Composite Index.

## Methods

This study employed a quantitative causal-associative approach to examine the effect of macroeconomic factors on the movement of the Jakarta Composite Index (JCI) in Indonesia. The causal-associative design was selected because this study aims to test the extent to which inflation, Gross Domestic Product (GDP), interest rate, exchange rate, and unemployment rate influence the JCI during the observation period.

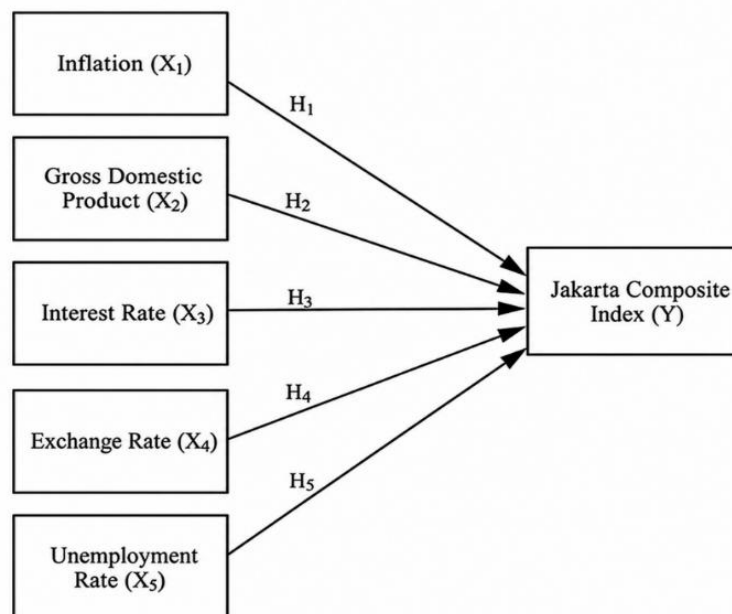


Figure 1. Conceptual Framework

The data used in this study were secondary time-series data covering the period from January 2015 to December 2024. Therefore, the total number of observations was 120 monthly data points. The dependent variable in this study was the Jakarta Composite Index (JCI), while the independent variables consisted of inflation, GDP, interest rate, exchange rate, and unemployment rate. The JCI data were obtained from the Indonesia Stock Exchange (IDX), while macroeconomic data were collected from official publications of Statistics Indonesia (BPS) and Bank Indonesia. Because the variables were published in different time frequencies, the data were adjusted into a monthly format. GDP data, which are officially published quarterly, and unemployment rate data, which are published semi-annually, were transformed into monthly data using a linear interpolation technique. This adjustment was conducted to

ensure consistency in the time-series structure and to allow all variables to be analyzed within the same monthly observation framework.

The conceptual relationship among the variables is presented in Figure 1. The framework illustrates that inflation, GDP, interest rate, exchange rate, and unemployment rate are positioned as independent variables that directly affect the Jakarta Composite Index as the dependent variable.

To clarify the measurement of each variable used in the regression model, the operational definitions are presented in Table 1. The JCI was measured using the monthly index value. Inflation was measured using the monthly inflation rate in percentage terms. GDP was measured using economic growth data expressed in percentage form. The interest rate was measured using Bank Indonesia's benchmark interest rate. The exchange rate was measured using the Rupiah exchange rate against the US Dollar. Meanwhile, the unemployment rate was measured using the open unemployment rate published by Statistics Indonesia.

Table 1. Operational Definition of Variables

Variable	Indicator / Measurement	Reference
JCI (Y)	$\frac{\text{Current Total Market Value of Stocks}}{\text{Base Value}} \times 100$	(Abas & Putri, 2024; Fatmawati et al., 2024; Sanfa & Tjandrasa, 2024)
Inflation (X <sub>1</sub> )	$\frac{\text{CPI period t} - \text{CPI prior period}}{\text{CPI prior period}} \times 100\%$	(Mankiw, 2022; Yuniawati & Lestari, 2021)
GDP (X <sub>2</sub> )	$\frac{\text{GDP period t} - \text{GDP prior period}}{\text{GDP prior period}} \times 100\%$	(Kukaj, 2023; Solow, 1956)
Interest Rate (X <sub>3</sub> )	Benchmark Interest Rate Percentage BI7DRR (%)	(Marganda Bako & Abdullah, 2024; Muhadi, 2019)
Exchange Rate (X <sub>4</sub> )	BI Middle Exchange Rate = $(\text{Selling Rate} + \text{Buying Rate}) \div 2$	(Pramesthi et al., 2024)
Unemployment Rate (X <sub>5</sub> )	$\frac{\text{Number of Unemployed}}{\text{Total Labor Force}} \times 100\%$	(Angga et al., 2024; Daud et al., 2024)

Source: Compiled by author, 2026

Data analysis was conducted using multiple linear regression based on the Ordinary Least Squares (OLS) method with the assistance of SPSS 16. Multiple linear regression was used because this study involved more than one independent variable and aimed to identify both simultaneous and partial effects on the JCI. The regression model used in this study is formulated as follows:

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + e$$

Where:

- Y = Jakarta Composite Index
- $\alpha$  = Constant
- $\beta_1$ – $\beta_5$  = Regression coefficients
- X<sub>1</sub> = Inflation
- X<sub>2</sub> = Gross Domestic Product
- X<sub>3</sub> = Interest Rate

X<sub>4</sub> = Exchange Rate  
 X<sub>5</sub> = Unemployment Rate  
 e = Error term

Before conducting hypothesis testing, the regression model was evaluated through classical assumption tests to ensure that the model met the requirements of the Best Linear Unbiased Estimator (BLUE). The normality test was conducted using the One-Sample Kolmogorov-Smirnov test to determine whether the residuals were normally distributed. The multicollinearity test was conducted by examining the Tolerance and Variance Inflation Factor (VIF) values, with the criteria that the model is free from multicollinearity if the Tolerance value is greater than 0.10 and the VIF value is less than 10. The heteroskedasticity test was conducted using the Glejser test, where a significance value greater than 0.05 indicates the absence of heteroskedasticity. The autocorrelation test was conducted using the Durbin-Watson test to identify whether residual correlation occurred in the time-series data.

Hypothesis testing was carried out through three statistical procedures. First, the coefficient of determination was examined using the Adjusted R-Square value to determine the proportion of JCI variation explained by the independent variables. Second, the F-test was used to examine the simultaneous effect of inflation, GDP, interest rate, exchange rate, and unemployment rate on the JCI. Third, the t-test was used to examine the partial effect of each independent variable on the JCI. All statistical tests were conducted at a significance level of 5% or  $\alpha = 0.05$ . Therefore, a variable was considered to have a significant effect if its probability value was lower than 0.05.

## Result and Discussion

### Descriptive Analysis

Descriptive statistical analysis was conducted to provide a general overview regarding the characteristics of the observational data distribution, encompassing the mean, maximum, and minimum values of all variables during the 2015-2024 period (N=120). Based on Table 2, the Jakarta Composite Index (Y) possesses a mean value of 6,068.78 points. Nevertheless, a high movement range is evident from the standard deviation of 848.88, with the lowest point touching 4,223.91 during the initial period of the pandemic, and the peak reaching 7,670.73 during the post-pandemic recovery phase.

### Descriptive Statistics

Table 2. Descriptive Analysis Results

	N	Minimum	Maximum	Sum	Mean	Std. Deviation
Y	120	4223.91	7670.73	728253.30	6068.7775	848.87594
X <sub>1</sub>	120	1.32	7.26	404.88	3.3740	1.48118
X <sub>2</sub>	120	-5.32	7.08	507.45	4.2288	2.39332
X <sub>3</sub>	120	3.50	7.75	630.00	5.2500	1.24136
X <sub>4</sub>	120	12625.0	16394.0	1722932.0	14357.767	894.4178
X <sub>5</sub>	120	4.81	7.07	667.45	5.5621	.52289
Valid N (listwise)	120					

Source: Processed Data SPSS 16 (2026)

Regarding macroeconomic variables, the Inflation variable ( $X_1$ ) was maintained at an average of 3.37%, in accordance with Bank Indonesia's stability target, moving within the range of 1.32% to 7.20%. Gross Domestic Product ( $X_2$ ) growth recorded an average of 4.23%, yet exhibited significant fluctuations, reflected in a -5.32% contraction due to the pandemic recession up to a maximum expansion of 7.08% during the recovery period. On the monetary instrument side, Interest Rate ( $X_3$ ) has an average value of 5.25% with a standard deviation volatility of 1.24%, shifting from a loosening era at 3.50% toward maximum tightening at 7.75%. The Exchange Rate variable ( $X_4$ ) recorded a tendency for Rupiah depreciation with an average of Rp14,357.77 per US Dollar, reaching its strongest level at Rp12,625.00 and its weakest level at Rp16,394.00 per US Dollar. Lastly, the Unemployment Rate ( $X_5$ ) averaged 5.56%, however, the high number of layoffs reached 7.07%, which severely weakened public purchasing power during the crisis.

### Classical Assumption Test

Prior to performing multiple linear regression analysis for hypothesis testing, a classical assumption test was initially conducted. This test aims to ensure that the generated regression model is valid, unbiased, and reliable. The series of classical assumption tests in this study encompasses four stages: (1) Normality Test utilizing the One-Sample Kolmogorov-Smirnov method to assure residual values are normally distributed; (2) Multicollinearity Test based on Tolerance and Variance Inflation Factor (VIF) parameters to verify the absence of strong correlations among independent variables; (3) Heteroskedasticity Test via the Glejser method to detect unequal variance of residuals from one observation to another; and (4) Autocorrelation Test using the Durbin-Watson (DW) value to guarantee the absence of correlation between time-series data structures. The following is an elucidation of the results of each test:

Based on the data in Table 3, the acquired Asymp. Sig. (2-tailed) value reached 0.077. Because the resulting significance level exceeds the significance  $\alpha = 0.05$ , it can be concluded that the residual data structure is symmetrically dispersed and normally distributed.

As presented in Table 4, all variables yielded a Tolerance value below 0.10, and a VIF below the tolerance limit of 10, thus it is concluded that all these variables are free from multicollinearity issues.

Based on Table 5, all significance (Sig.) values are greater than the 0.05 significance level. This condition indicates that all variables are free from heteroskedasticity symptoms.

### One-Sample Kolmogorov-Smirnov Test

Table 3. Normality Test Results (One-Sample Kolmogorov-Smirnov)

			<b>Unstandardized Residual</b>
N			120
Normal Parameters <sup>a,b</sup>	Mean		.0000000
	Std. Deviation		509.93222791
Most Extreme Differences	Absolute		.077
	Positive		.063
	Negative		-.077
Test Statistic			.077
Asymp. Sig. (2-tailed) <sup>c</sup>			.077

Monte Carlo Sig. (2-tailed)d	Sig.		.078
	99% Confidence Interval	Lower Bound	.071
	99% Confidence Interval	Upper Bound	.084

- Test distribution is Normal.
- Calculated from data.
- Lilliefors Significance Correction.
- Lilliefors' method based on 10000 Monte Carlo samples with starting seed 2000000.

Source: Processed Data SPSS 16 (2026)

### Coefficients<sup>a</sup>

Table 4. Multicollinearity Test Results

Model	Variable	Unstandardized Coefficients		Standardized Coefficients		t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta				Tolerance	VIF
1	(Constant)	1961.880	1389.454			1.412	.161		
	X <sub>1</sub>	-.762	46.830	-.001		-.016	.987	.474	2.109
	X <sub>2</sub>	117.347	29.013	.331		4.045	.000	.473	2.114
	X <sub>3</sub>	-283.554	52.669	-.415		-5.384	.000	.534	1.874
	X <sub>4</sub>	.513	.059	.540		8.743	.000	.830	1.205
	X <sub>5</sub>	-405.721	137.004	-.250		-2.961	.004	.444	2.250

- Dependent Variable: Y

Source: Processed Data SPSS 16 (2026)

### Coefficients<sup>a</sup>

Table 5. Heteroskedasticity Test Results (Glejser)

Model		Unstandardized Coefficients		Standardized Coefficients		T	Sig.
		B	Std. Error	Beta			
1	(Constant)	-659.941	914.318			-.722	.472
	X <sub>1</sub>	20.476	30.816			.088	.664
	X <sub>2</sub>	-22.150	19.092			-.154	1.160
	X <sub>3</sub>	43.634	34.658			.157	1.259
	X <sub>4</sub>	.052	.039			.134	1.345
	X <sub>5</sub>	15.147	90.154			.023	.867

- Dependent Variable: Abs\_RES

Source: Processed Data SPSS 16 (2026)

The Durbin-Watson (DW) value obtained from Table 6 is 2.022. By adjusting the limits of the Durbin-Watson significance boundary criteria at  $\alpha = 0.05$ , a number of observations  $N=120$ , and independent variables  $k=5$  (where the value of  $dU = 1.7896$  and the upper limit  $4-dU =$

2.2104), it can be observed that the DW statistical point resides within the area free from autocorrelation ( $dU < DW < 4-dU$ ). This confirms that the regression model is free from autocorrelation issues.\

### Model Summary<sup>b</sup>

Table 6. Autocorrelation Test Results (Durbin-Watson)

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.799a	.639	.623	520.99495	2.022

a. Predictors: (Constant), X<sub>5</sub>, X<sub>1</sub>, X<sub>4</sub>, X<sub>3</sub>, X<sub>2</sub>

b. Dependent Variable: Y

Source: Processed Data SPSS 16 (2026)

### Hypothesis Testing

The analysis of variance results from Table 7 exhibits an F-count value of 40.383 with a p-value  $< 0.001$ , which is far below the significance level of  $\alpha = 0.05$ . This result indicates that the five macroeconomic variables simultaneously have a significant effect on JCI fluctuations. Analytical results in Table 6 show that the Adjusted R-Square is at 62.3%, implying that JCI variability can be elucidated by this research model, whereas the residual portion of 37.7% is influenced by other factors beyond the scope of this test's linear function boundaries. From Table 4, the equation is formulated in the following structural model:

$$Y = 1,961.880 - 0.762 X_1 + 117.347 X_2 - 283.554 X_3 + 0.513 X_4 - 405.721 X_5 + e$$

### ANOVA<sup>a</sup>

Table 7. F-Test Results

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	54806578.568	5	10961315.714	40.383	.000 <sup>b</sup>
	Residual	30943674.370	114	271435.740		
	Total	85750252.938	119			

a. Dependent Variable: Y

b. Predictors: (Constant), X<sub>5</sub>, X<sub>1</sub>, X<sub>4</sub>, X<sub>3</sub>, X<sub>2</sub>

Source: Processed Data SPSS 16 (2026)

Based on the partial statistical test (t-test) in Table 4, the elaboration of hypothesis testing demonstrates diverse dynamics across each predictor variable. In testing the first variable, the inflation significance value of 0.987 ( $> 0.05$ ) indicates that inflation does not have a significant effect on changes in the JCI value. This indicates that general commodity price fluctuations did not constitute a primary factor for index movements during the observation period, thus H<sub>1</sub> is rejected. Contrasting with Gross Domestic Product (GDP), where a significance value  $< 0.001$  alongside a positive regression coefficient of 117.347 firmly confirms that GDP has a significant positive effect on the JCI, therefore H<sub>2</sub> is accepted.

Meanwhile, in testing the monetary instrument, a significance value  $< 0.001$  with a negative coefficient of -283.554 proves that the interest rate has a significant negative effect on the JCI, hence H<sub>3</sub> is accepted. As for the external factor, the Rupiah exchange rate exhibits a disparate outcome. Even though a significance value  $< 0.001$  indicates a strong influence, its regression

coefficient is in fact positive (0.513). This condition contradicts the direction of the initial hypothesis, wherein the depreciation of the Rupiah exchange rate during this period instead correlated with the strengthening of the JCI; it is strongly suspected to be triggered by the dominance of export-oriented issuers who benefit from exchange rate differences, consequently resulting in the rejection of H<sub>4</sub>. Lastly, testing the unemployment rate variable produced a p-value of 0.004 ( $< 0.05$ ) with a negative coefficient of -405.721, thus H<sub>5</sub> is accepted.

Testing the Inflation variable yielded a significance value of 0.987 ( $> 0.05$ ) and a coefficient magnitude of -0.762; these findings indicate that inflation does not have a significant effect on the JCI. This finding does not support the Fisher Effect, yet it is consistent with the hedging hypothesis, wherein companies can implement selling price adjustments to mitigate inflationary pressures. A controlled domestic inflation range averaging 3.37% enables the capability of companies to pass on input costs to consumers, thereby shielding issuer profit margins. Institutional factors also form the foundation of this stability through Bank Indonesia's Inflation Targeting Framework (ITF) policy, which is proven to influence market expectations (Sriyana, 2019). These results align with studies by Sanfa & Tjandrasa (2024), Ratnaningrum et al. (2022), and Liantanu et al. (2023).

The GDP variable demonstrated a positive effect (coefficient 117.347;  $p < 0.001$ ). This estimation result indicates that GDP growth constitutes a determinant factor in the valuation of risky asset prices. This is congruent with the fundamental basis of the Gordon Growth Model which asserts that an increase in macroeconomic output reflects an enhancement in sales and prospects for issuer profit distribution, fostering investor optimism in the capital market (Gordon, 1962; Harsanico & Sugiyanto, 2024). This substantiation empirically supports the positive outcomes from Laraswati (2023) and Ratnaningrum et al. (2022).

The transmission of the Interest Rate parameter possessed a negative effect (p-value  $< 0.001$ , coefficient -283.554). This result is consistent with the consequences of Opportunity Cost theory in determining capital flows across asset classes (Ross, 1976; Sloan & Fisher, 1931). An escalation in lending rates facilitates significant capital allocation shifts; investors discount issuer cash flow prospects through the Discounted Cash Flow model while simultaneously migrating their equity portfolios toward sovereign risk-free instruments (Jaya et al., 2024; Tandililin, 2017). The market performance decline impact from this monetary contraction is in accordance with findings by Angga Dwi Prasetyo et al. (2025).

Divergent results were discovered for the Exchange Rate parameter. Study findings prove a positive correlation (p-value  $< 0.001$ , coefficient 0.513) between the Rupiah exchange rate and stock market movements, indicating a contradictory outcome to the Debt Burden Theory assumption, suggesting the dominance of export-oriented issuers on the IDX by Laraswati (2023). This phenomenon is explained via the Flow-Oriented Model (Dornbusch et al., 1980). The IDX market is dominated by mining sector corporations, primary commodities, and export-oriented manufacturing that secure profit augmentations due to exchange rate margins when the Rupiah value depreciates against the Dollar (Al-Hanif et al., 2023).

Lastly, statistical test results demonstrated a negative effect from the Unemployment Rate (p-value 0.004, coefficient -405.721) on JCI movement ranges, supporting empirical findings related to the rationality of Okun's Law (Okun, 1963). An increase in open unemployment reflects idle economic capacity, which results in a reduction of societal purchasing power (Daud et al., 2024). This condition automatically suppresses issuer sales and compels investment managers to revise issuer balance sheet revenue estimations (Jolianis et al., 2024). The results of this study update empirical evidence previously uncovered by Budiman (2015).

## Conclusion

This study concludes that the combination of fundamental macroeconomic variables namely Inflation, Gross Domestic Product, Interest Rates, Exchange Rates, and the Unemployment Rate exerts a significant simultaneous effect and elucidates 62.3% of the JCI variability in Indonesia over the 2015-2024 period. Through partial parameter testing, the GDP growth variable was proven consistently to be a positive determinant for evaluating issuer growth performance. The Interest Rate reflects a significant negative effect attributable to investor portfolio adjustment behaviours. The Unemployment Rate was proven to suppress equity valuation levels owing to the decline in the real aggregate purchasing power of the public. This study indicates that Bank Indonesia's expectation management through monetary policy stabilizes market expectations and minimizes volatility caused by inflation, thus Inflation was proven to not significantly affect the market. Additionally, the Exchange Rate delivers a positive relationship impact in alignment with the dominance of export-oriented companies that gain exchange rate profits when the Rupiah weakens.

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