

**ANALYSIS OF THE INFLUENCE OF MACRO-ECONOMIC AND
MICRO-ECONOMIC VARIABLE TOWARD VOLATILITY INDEX LQ45
SHARES IN THE INDONESIA STOCK EXCHANGE
(PERIOD OF 2009:01 - 2014:09)**

By

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ABSTRACT

This research aims to know and analyze the influence of macro-economic and micro-economic variable toward volatility Index LQ45 shares. Macro-economic variables in this research are the exchange rate, inflation, BI Rate, Gross Domestic Product (GDP) and trade volume , while the micro-economic is *earning Per Share (EPS)* , *Price to Book Value (PBV)*, *Debt to Equity Ratio (DER)*, and *return On Equity (ROE)* . Data used in this research was *time-series data* in research periode of January 2009 until September 2014. Data analysis method used in this research was deskriptif quantitative analysis method by using three models , the first is macro-economic and micro-economic variable analyzed together against volatility Index LQ45, second model is macro-economic variables to volatility Index LQ45 shares, and the third model was micro-economic variables to volatility Index LQ45 shares.

The methode used to see the influence between dependent variable and independent variables was *error correction Model (ECM)*, while to measure volatility of Index LQ45 used analysis of ARCH-GARCH. Result of the estimation by using three research models with ECM method shows that in the short-term, both macro-economic and micro-economic variable together significant to Share Index LQ45 volatility. Partialy, exchange rate, trade volume, EPS, PBV, DER, and ROE significantly affect, while inflation, BI Rate, and Gross Domestic Product does not significantly affect. Based on the analysis of ARCH-GARCH, the first model contains elements ARCH and GARCH, the second model have only elements ARCH, and third model that does not contain elements ARCH. In addition, results of the study showed that volatility Index LQ45 relaticely high and keep going.

Key words : Volatility Index LQ45, macro-economic variables, (Exchange rate, inflation, BI Rate, Gross Domestic Product, trade volume), micro-economic variables (EPS, PBV, DER, ROE), *error correction Model (ECM)*, ARCH-GARCH.