

## ABSTRACT

### MACRO ECONOMIC VARIABLE EFFECTS OF LQ45 INDEX IN INDONESIA STOCK EXCHANGE (Period January 2007 - May 2010)

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Any investors who invest in the stock market would expect the return of investment with the hope of them that do get dividends or capital gains from shares they own. The movement of the index becomes an important indicator for investors to determine whether they will sell, hold or buy one or several stock. There are many factors that affect stock index, one of which macroeconomic variables including inflation, interest rates, the rate of money supply, teradap rupiah exchange rate to U.S. dollars, etc., thus automatically macroeconomic variables will affect the investment activities by market participants in the capital market.

The purpose of this study was to determine whether there is influence between the inflation rate, SBI rate, exchange rate terdahap U.S. dollar, and money supply to LQ 45, to determine the macro-economic variables are most influential on LQ 45. The analysis used in this study is the multiple linear regression analysis. The hypothesis is that there is significant influence inflation rates, SBI interest rate, exchange rate terdahap U.S. dollar, and money supply to LQ 45 index either partially or simultaneously.

F test results of the analysis, showed that inflation, exchange rate, Interest Rate and Money Supply jointly influence LQ 45 in Indonesian Stock Exchange from January 2007 - May 2010. T test results, showed that at the level of probability can be seen that there are two variables were not significant at the 10% level of significance of variables and variable Inflation Money Supply. This causes the model used is not significant anymore. Therefore, the authors add Likelihood Ratio Test to test whether the new models by eliminating insignificant variables is the right model, and the results obtained stated that the reduction of two significant variables that are not justified.

The results of analysis after the Likelihood Ratio Test indicates Adjusted R<sup>2</sup> value of 0.408821 which means. BI rate and exchange rate can explain variation LQ 45 index in this study amounted to 40.88%. The remaining 59.12% is explained by other factors not included in the model. The analysis result also showed that together there is significant influence between the Exchange and Interest Rate of return on the company's shares on the Indonesia Stock LQ45 period January 2007

- May 2010.Partially there are significant negative effect between Exchange and Interest Rate of the LQ45 index in Indonesia Stock Exchange from January 2007 - May 2010.