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The Effect of World Gold Price, World Oil Price, USD/IDR Exchange Rate, and Inflation on the Joint Stock Price Index (JCI) On the Indonesia Stock Exchange (IDX)

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Abstract

This study purpose is to analyze the impact of world oil prices, world gold prices, inflation, and USD/IDR exchange rates on the Composite Stock Price Index (IHSG) on the Indonesia Stock Exchange (IDX). Secondary data was obtained from the London Financial Market Association (LBMA), Bank Indonesia, and investing.com. The variables used in this study are world oil prices, world gold prices, USD/IDR exchange rates, and inflation as independent variables—also, the Composite Stock Price Index (CSPI) as the dependent variable. This study was conducted using secondary data per month in 2015-2019, non-participant observation with a saturated sampling method of 60 months. The analysis used in this research is Least Square and Autoregressive Moving Average (LS&ARMA) regression analysis. Simultaneous research results show that world oil prices, gold prices, USD/IDR exchange rates, and inflation significantly affect the Composite Stock Price Index (JCI). The study results partially show that world gold prices and inflation have an important adverse effect on the JCI, while world oil prices significantly positively impact the JCI. It is different from the USD/IDR exchange rate, which does not influence the JCI. The practical conclusion of this research is to afford information to investors that world gold prices, world oil prices, and inflation should be considered in making investment decisions in the capital market.

Keywords: Finance, World Oil Price, World Gold Price, Inflation, USD/IDR Exchange Rate, Composite Stock Price Index (JCI).

I. INTRODUCTION

The strain of the trade war between China and the United States raises concerns for countries in the world about the economy's future. The worsening global climate and the impact of the trade war will lead to a slowdown in economic growth. Significant downside risk could lead to a worldwide economic crisis (Haryanto & Astuti, 2021).

The impact of this global economic slowdown has caused prices and demand for commodities that are the mainstay of Indonesia's exports to decline. Commodity prices recorded a decline, especially crude oil prices triggered by concerns about economic growth and the uncertainty of the trade war between America and China (Haryanto & Astuti, 2021).

The economic condition can be measured by the movement of the stock price index. If that movement tends to rise, it indicates that the condition of the country is in good condition. Vice versa, if the movement of the stock price index tends to decline, it can be assumed that the country's economic condition is experiencing a decline. Many factors influence the movement of a country's stock price index. However, these factors are classified into two types in general, namely external factors, and internal factors. Internal factors are influenced by the company's financial condition. Meanwhile, external factors that influence are macroeconomic variables, including world oil prices, world gold prices, inflation, and exchange rates (Dewi, 2020).

The performance of all joint-stock listed on the Indonesia Stock Exchange (IDX) is measured by the JCI value. JCI is an indicator that reflects the performance of capital market developments when they are increasing (bullish) or experiencing a decline (bearish). The movement of the stock price index is an important reference to sell by investors, hold or buy their shares. The movement of the JCI, which continues to increase, indicates Indonesia's capital market development is quite good.

Figure 1: Composite Stock Price Index (JCI)
Source: Investing.com

One of the external factors that affect stock price index movement is gold. Gold is a global currency, and its value is universally recognized. The intrinsic value is fixed and standard so that it can be bought and liquidated anywhere. Gold is not affected by inflation (zero inflation), so gold prices always follow the movement of inflation (Husnul *et al*., 2017). Octavia found that the world gold price had a negative and important effect on the JCI (Purnama *et al*., 2021). In contrast to Haryanto & Astuti (2021), Anggriana & Paramita, and Basit, who found research results that gold prices had no effect on the JCI. (Anggriana & Paramita, 2020; Basit, 2020; Haryanto & Astuti, 2021)

Oil is a commodity that is quite important for the economy due to the volatility that constantly follows the economic and political events of a country (Basit, 2020). For oil-exporting countries and companies in the mining sector, increasing world oil prices can benefit because it will attract investors. However, this will result in losses for companies outside the mining sector due to increased operational costs. The increase and decrease in profit have an impact on the stock price of the company, which will ultimately affect the JCI value (Sartika, 2017). The results of research conducted by Beureukat & Andriani (2021), Novianti & Perwati (2020), and Oktavia et al. (2018) show that world oil prices have a good and necessary effect on the JCI (Beureukat & Andriyani, 2021; Handayani & Oktavia, 2018; Novianti & Perwati, 2019). Meanwhile, according to Anggriana & Paramita (2020), Dewi (2020), Sartika (2017), Fuad & Yuliadi (2021), and Hersugondo *et al*., (2019), world oil prices have no influence on the JCI (Anggriana & Paramita, 2020; Dewi, 2020; Faud & Yuliadi, 2021; Hersugondo *et al*., 2019; Sartika, 2017).

Another macroeconomic variable that can have an influence on the JCI is the exchange rate or currency exchange rate. That is the exchange rate of one country's currency unit against another (Bank Indonesia, 2020). Changes in exchange rates will have an influence on investment in the capital market. The increasing price of imported goods was caused by the depreciation of the Indonesian Rupiah against the US dollar. This will increase the manufacturing costs of the company so that companies that use imported raw materials in their production process will experience a decrease in profits. The decline in company profits has an effect on decreasing the interest of investors to invest in the company. Thus, this could affect the development of the JCI. Research by Haryanto & Astuti (2021), Nurwulandari (2020), Dewi (2020), Fuad & Yuliadi, Robiyanto, and Oktavia shows that the USD/IDR exchange rate has a bad influence on the JCI. However, the research conducted by Masriyani and Sartika stated

that the USD/IDR exchange rate not had any effect on the JCI (Dewi, 2020; Fuad & Yuliadi, 2021; Handayani & Oktavia, 2018; Haryanto & Astuti, 2021; Masriyani *et al*., 2021; Nurwulandari, 2021; Sartika, 2017).

Inflation is a factor that can affect the development of the JCI. Inflation is an economic condition marked by a rapid increase in prices that results in a decrease in purchasing power and is often followed by a reduction in the level of savings and/or investment due to increased public consumption and only a tiny amount for long-term savings (Bank Indonesia, 2020). High inflation will reduce the money's purchasing power and reduce the level of tangible income earned by investors. The increase in inflation gives a negative signal for the capital market investors. The research by Masriyani *et al*., (2021), Fuad & Yuliadi (2021), Novianti & Perwati (2020), and Rosalyn (2018) state that inflation has a negative and significant effect on the JCI (Fuad & Yuliadi, 2021; Masriyani *et al*., 2021; Novianti & Perwati, 2019; Rosalyn, 2018). However, this is not in accordance with the research conducted by Anggriana & Paramita (2020) and Dewi, which showed that the inflation had no effect on the JCI (Anggriana & Paramita, 2020; Dewi, 2020).

II. LITERATURE REVIEW

Signalling Theory is a solid theoretical foundation because it helps explain decision-making. Amid a large amount of information received, it is very rational that investors usually rely on signals to support their decision-making. Investors react and listen to new news in the market based on the market hypothesis efficiency (Yasar *et al*., 2020).

Portfolio theory is an investment approach related to the statistical measurement of investors on risk and return expectations. Harry M. Markowitz increase the number of types of support in the portfolio to reduce risk to combine assets into an efficient portfolio diversification. If there is a difference in price movements of the combined assets, it will potentially increase the expected return on investment.

Gold is the most traded precious metal in the world, which plays important role in shaping the macroeconomic a country's conditions, and is used as an investment substitute for global investors. Gold is an important asset and is often seen as a haven and a counter-cyclical investment vehicle. Gold can be defensive in the sense that gold is used as a protectore for investors when the economy is weak, but on the other hand, gold can also be offensive because gold can be used to seek profit through speculation. In many countries, gold is used as a financial standard and also used in electronics and pieces of jewelry. The use of gold in the financial and monetary fields relies on the absolute economic value of gold towards various currencies around the world. Although world commodity markets officially listed gold prices in US Dollars. The use form of gold in the monetary sector is usually in the shape of bars or gold bars in several units of grams to kilograms. In the international commodity market, apart from being traded on the spot market, gold is traded on the futures market too (Robiyanto, 2018).

The world crude oil price is measured from the world oil market. Currently, benchmark for crude oil prices commonly used is West Texas Intermediate (WTI) or light-sweet. Crude oil traded on there is high-quality crude oil. This could happen due to a low sulfur cont t crude oil and it is also very suitable to be used as fuel, so the price is used as a benchmark for world oil trade. The prices of crude oil on WTI are generally five to six US dollars higher than OPEC oil prices. It is also one to two US dollars higher than Brent oil prices. This is the reason why the price of WTI oil has become the oil measurement standard trading in America.

The Rupiah exchange rate is the comparison of price or value of the Rupiah currency with other currencies in the world. The exchange rate between a country and another is the price level at which residents of the two countries agree to trade with each other. The factors that affect the exchange rate in a country, namely changes in people's tastes, changes in prices of exported and imported goods, increases in general prices (inflation), changes in the rate of return and interest rates on investment (return), and the economic growth of a country (Sartika, 2017). Meanwhile, fluctuations in the USD/IDR exchange rate were caused by several factors, including speculation by foreign exchange traders, the maturity of foreign debt (government or private), the public's lack of confidence in the Rupiah, and most importantly, the weak fundamentals of the Indonesian economy.

Events that tend to push up the price level are called inflationary fluctuations. Inflation is closely cohesive to a decrease in the purchasing power of companies and individuals, which is an important event and is found in almost all countries in the world. Inflation can be caused by two things, namely demand-pull and pressure. Demand inflation occurs due to excessive total demand that triggered by a flood of liquidity in the market, resulting in high demand and triggering price level changes. the scarcity of production occurs cost-push inflation, including the shortage of distribution, although demand, in general, has not increased significantly.

HYPOTHESIS

Supported by previous research results and based on theoretical studies, the hypotheses of this study are as follows:

Hypothesis 1: There is a significant negative effect of the World Gold Price (X 1) on the Composite Stock Price Index (CSPI) on the Indonesia Stock Exchange (IDX) (Y).

Hypothesis 2: There is a significant positive effect of World Oil Price (X 2) on the Composite Stock Price Index (JCI) on the Indonesia Stock Exchange (IDX) (Y).

Hypothesis 3: There is a significant negative effect of the USD/IDR Exchange Rate (X 3) on the Composite Stock Price Index (CSPI) on the Indonesia Stock Exchange (IDX) (Y).

Hypothesis 4: There is a significant negative effect of inflation (X 4) on the Composite Stock Price Index (CSPI) on the Indonesia Stock Exchange (IDX) (Y).

Hypothesis 5: There is a significant simultaneous effect of World Gold Price (X 1), World Oil Price (X 2), USD/IDR Exchange Rate (X 3), and Inflation (X 4) on the Composite Stock Price Index (IHSG) in Indonesia Stock Exchange (IDX) (Y).

The framework of the research is as follows:

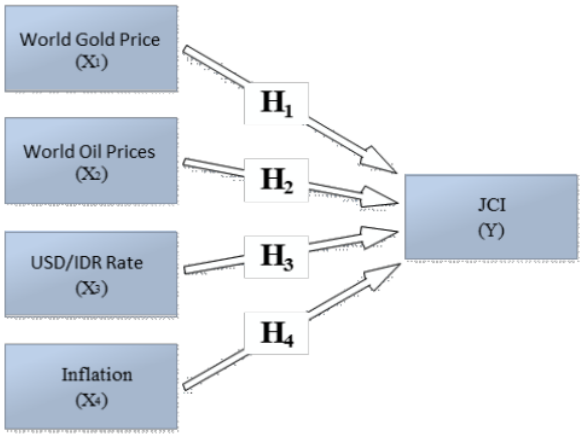

Figure 2: Framework

III. RESEARCH METHODS

The research design includes causation research with a quantitative approach. Data analysis in this study used Least Square and Autoregressive Moving Average (LS&ARMA) regression. Documentation of data collection using non-participant observation. The population used is secondary data of monthly closing price data of the Composite Stock Price Index on the Indonesia Stock Exchange. World gold prices are quoted from the official LBMA website, and world oil prices are quoted from www.investing.com, while data on the USD/IDR exchange rate and inflation are quoted from the official website of Bank Indonesia. The sampling technique used the saturated sample method totaling 60 data throughout the month of observation, namely January 2015 to December 2019 (Bank Indonesia, 2020; Investing, 2021).

IV. RESULTS AND DISCUSSION

Table-1: Research Variables Descriptive Statistics

N	N	Minimum	Maximum	Mean	Std. Deviation
JCI	60	4223.91	6605.63	5628.6923	641.61694
World Gold Price	60	1068.25	1511.31	1265.3803	97.82283
World Oil Prices	60	33.62	74.15	53.4568	9.18537
USD/IDR . Rate	60	12625.00	15227.00	13715.1501	542.57283
Inflation	60	.0248	.0726	.039898	.0137212

Based on Table 4.1, it can be noticed that 60 research samples obtained a minimum value, namely the inflation variable of 0.0248. The maximum value, which is the USD/IDR exchange rate variable, is 15227.00. The lowest average value is the inflation variable at 0.039898, and the highest average value is the USD/IDR exchange rate variable at 13715.1501. The lowest standard deviation is the inflation variable at 0.0137212, and the highest standard deviation is the JCI variable with a value of 641.61694. The standard deviation of all variables does not have a variety of data because the standard of the deviation < *mean*.

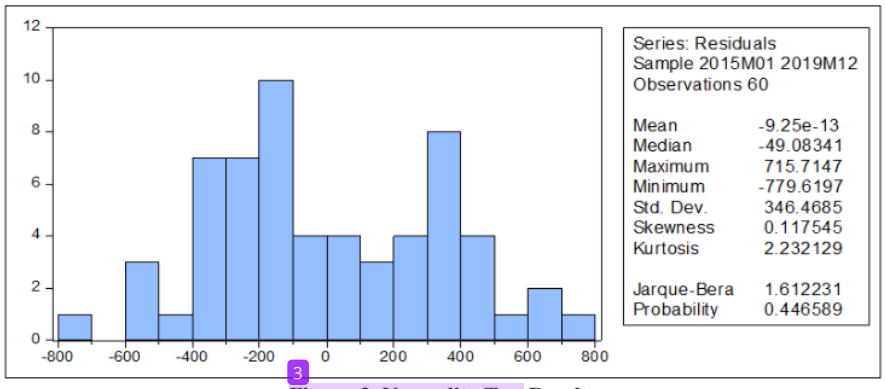

Figure-3: Normality Test Results

The normality test in this study used the bell curve and *Kolmogorov-Smirnov* (KS) method. The normality test resaults are in Figure 4.1. explained that normally distributed data seen from the form of graphs that were spread evenly (-800 to 800) and almost formed a bell curve. However, these results are very subjective, so the most valid result is the probability value. The data is usually distributed if the probability value is > 0.05 (Hair et al., 2017). The study has a probability value of 0.446589 > 0.05; it can be concluded that all the data used were usually distributed.

Table-2. Breusch-Godfrey Serial Correlation LM Test Output

F-statistic	80.60686	Prob. F(1,54)		0.0000
Obs*R-squared	**35.92991**	**Prob. Chi-Square(1)**		**0.0000**
Variable	Coefficient	Std. Error	t-Statistic	Prob.
World Gold Price	-0.458609	0.374250	-1.225408	0.2257
World Oil Prices	-3.883299	3.862515	-1.005381	0.3192
USD/IDR. Rate	-0.008768	0.065991	-0.132860	0.8948
Inflation	-3042.845	2730.002	-1.114594	0.2700
C	1025,851	1086,709	0.943998	0.3494
RESID(-1)	**0.796678**	**0.088735**	**8.978133**	**0.0000**

Autocorrelation explains that there is no substantial similarity between specific time series. In short, this autocorrelation explains that the data contained in a certain period is not the same. To detect autocorrelation problems, researchers used the method of Breusch-Godfrey Serial Correlation LM Test. That research was identified as having no autocorrelation problem because the Chi-Square(1) and Lagged 1 (RESID(-1)) Probability values < 0.05.

Table-3: Multicollinearity Test Results

	Price World Gold	**Price World Oil**	**Exchange rate USD/IDR**	**Inflation**
World Gold Price	1.0000000	**0.319045**	**0.109664**	**-0.504736**
World Oil Prices	**0.319045**	1.0000000	**0.455832**	**-0.263027**
USD/IDR . Rate	**0.109664**	**0.455832**	1.0000000	**-0.367172**
Inflation	**-0.504736**	**-0.263027**	**-0.367172**	1.0000000

Multicollinearity is a situation that shows a strong correlation between two or more independent variables in a regression model. However, regression requires that there should not be a solid correlation between the independent variables because if the relationship is strong (*correlation value*) > 0.9, it indicates that the variables are identical or the same. The test results which able to be seen in Table-3 show that the correlation value is < 0.9 that means there are no symptoms of multicollinearity. It should be noted that the positive and negative signs in the output above do not indicate a big or small meaning but the direction of the relationship, namely a negative or positive relationship.

Table-4: Heteroscedasticity Test Results

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	553.6923	877.0658	0.631301	**0.5305**
World Gold Price	0.006679	0.300892	0.022199	**0.9824**
World Oil Prices	-2.304349	3.115035	-0.739750	**0.4626**
USD/IDR . Rate	-0.004570	0.053552	-0.085342	**0.9323**
Inflation	-2110.297	2198.484	-0.959888	**0.3413**

The method used to test heteroscedasticity is the glejser method, which is an analysis to detect heteroscedasticity symptoms through the residual value. When the probability value is significant or *sig* < 0.05, then the result rejects H_0 (data identified with homoscedasticity) and accepts H_a (data identified with heteroscedasticity). So to be free from heteroscedasticity, the significance value must be > 0.05. Due to the test results which can be seen in Table-4, it can be identified that all probabilities are above 0.05, which means that the heteroscedasticity has no problem in this study.

Table-5: F, R^2, and t test results

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	1114.626	1690.641	**0.659292**	**0.5125**
World Gold Price	-2.648166	0.580003	**-4.565776**	**0.0000**
World Oil Prices	28.59771	6.004574	**4.762654**	**0.0000**
USD/IDR. Rate	0.012806	0.103226	**0.124062**	**0.9017**
Inflation	-13565.89	4237.820	**-3.201148**	**0.0023**
R-squared	**0.708408**	Mean dependent var		5628.692
Adjusted R-squared	**0.687201**	S.D. dependent var		641.6169
S.E. of regression	358.8463	Akaike info criterion		14.68332
Sum squared resid	7082386.	Schwarz criterion		14.85785
Log likelihood	-435.4996	Hannan-Quinn criter.		14.75159
F-statistic	**33.40489**	Durbin-Watson stat		0.475942
Prob(F-statistic)	**0.000000**			

The simultaneous test is a test of all independent variables' effects on the dependent variable. That affects simultaneously on the dependent variable is significant if $F_{count} > F_{table}$ or *F-statistic* probability value < 0.05. So that the first hypothesis (H1) in this study is received because all independent variables, namely World Gold Prices, World Oil Prices, USD/IDR Inflation, and exchange rates have a simultaneous or joint effect on the dependent variable, namely the Price Index. Joint Stock (JCI), where $F_{count}(33,40489) > F_{table}(2.54)$ and prob(*F-statistics*) = 0.0000 < 0.05.

R determination shows how strong the independent variable is in explaining its relationship with the dependent variable. The *R-value* is distributed from 0 to 1. The independent variable is a strong explanatory factor for the dependent variable if it has a value close to 1. In this study, the R-squared value is 0.708408, that means the independent variable used can strongly explain the existence of the dependent variable.

The independent variable has a significant effect if the *t-statistic value* > t-table or probability value <0.05. The t-table value for n = 60 and df(nk) = 55 is 1.67303. The negative and positive signs on the *coefficient* and *t-statistic* do not have a big or small meaning but the direction of their influence.

Table-6: Partial Test Results or t Test

Variable	Coefficient	Std. Error	t-Statistic	Prob.		
C	1114.626	1690.641	0.659292	0.5125		
World Gold Price	-2.648166	0.580003	**-4.565776**	**0.0000**	**Negative Effect**	**H2 Accepted**
World Oil Prices	28.59771	6.004574	**4.762654**	**0.0000**	**Positive Influence**	**H3 Accepted**
USD/IDR. Rate	0.012806	0.103226	**0.124062**	**0.9017**	**No effect**	**H4 rejected**
Inflation	-13565.89	4237.820	**-3.201148**	**0.0023**	**Negative Effect**	**H5 Accepted**

The Effect of World Gold Price on the JCI

The world gold price has a significant and negative effect on the Composite Stock Price Index (JCI), meaning that the world gold price and the JCI show the opposite relationship. If the world gold price variable increases, the JCI surely will decrease, and vice versa if the world gold price variable decreases, the JCI will increase. Investing in gold is more interesting to

investors than stocks when the world gold price increases by selling their shares to switch to gold which causes the JCI to decline. And when the world gold price drops, many investors will sell their gold and switch to stocks so that the JCI will increase. This study is in accordance with another research conducted by Sartika (2017) and Oktavia, which shows the world gold price has a negative effect on the JCI (Oktavia *et al*., 2018; Sartika, 2017). However, this result is not in line with research that conducted by Haryanto & Astuti (2021), Anggriana (2020), and Basit (2019), which stated that there is no effect of the world gold price on the Composite Stock Price Index (Anggriana & Paramita, 2020; Basit, 2020; Haryanto & Astuti, 2021).

The World Oil Prices Effect on the Composite Stock Price Index (JCI)

This study proves that world oil prices have a significant and positive effect on the JCI. This means that the higher the world oil price, the higher the JCI. On the other hand, the lower the world oil price, the lower the JCI. The positive and significant world oil prices effect on the JCI occurred because oil prices increase would trigger an increase in the price of mining materials in general which would push up share prices in the mining area. As a result, mining companies have the potential to increase their profits. Because stock trading on the IDX tends to be dominated by stock trading in the mining area, the price increase of these mining stocks will eventually trigger an increase in the JCI. This state is in line with research results conducted by Beureukat & Andriani (2021), Novianti & Perwati (2020), and Oktavia *et al*., (2018) which also shows that world oil prices partially have a significant and positive effect on the JCI (Beureukat & Andriyani, 2021; Novianti & Perwati, 2019; Oktavia et al., 2018). However, this is not the same with research conducted by Anggriana & Paramita (2020), Dewi, Sartika (2017), Fuad & Yuliadi (2021), and Hersugondo, which states that world oil prices do not have any effect on the Jakarta Composite Index (JCI) (Anggriana & Paramita, 2020; Dewi, 2020; Fuad & Yuliadi, 2021; Hersugondo *et al*., 2019; Sartika, 2017).

The USD/IDR Exchange Rate Effect on the Composite Stock Price Index (IHSG)

The USD/IDR exchange rate does not have any effect on the JCI. The study not in line with the Signaling Theory that states the USD/IDR exchange rate has an effect on the JCI. Starting from the end of the third quarter of 2015 until 2019, the JCI tended to rise significantly. In the midst of the dynamics of the *Fed Fund Rate rising* and unstable oil prices, the USD/IDR exchange rate was not a factor influencing the JCI movement, but a *tax amnesty* which was considered capable of protecting the strengthening of the JCI which was originally in the position of 4,223.91, later at the end of 2017 was in position 6,355.65. In addition, the strengthening of the JCI, especially in 2017 was the impact of fairly low inflation maintained in the 3-4% range, relatively low-interest rates, and a fairly good political climate (Kontan, 2017). JCI had experienced a decline to 5,799.24, but then rose again to 6,299.54 at the end of 2019 due to the inflow of funds from foreign investors (OJK, 2019). These study results are in line with the research by Masriyani *et al*., (2021) and Sartika (2017) that state the USD/IDR exchange rate has no effect on the JCI (Masriyani *et al*., 2021; Sartika, 2017). However, this is not the same with research by Haryanto & Astuti (2021), Nurwulandari (2020), Dewi (2020), Fuad & Yuliadi (2021), Robiyanto (2018), and Oktavia *et al*., (2018) that shows the USD/IDR exchange rate has a negative effect on the JCI (Dewi, 2020; Fuad & Yuliadi, 2021; Haryanto & Astuti, 2021; Nurwulandari, 2021; Oktavia *et al*., 2018; Robiyanto, 2018).

The Effect of Inflation on the Composite Stock Price Index (JCI)

Inflation has a significant and negative impact on the JCI. A high increase in inflation is able to reduce the level of real income that investors get from their investments. On the other hand, if the inflation rate decreases in any country, this will be a good signal for investors as the risk of purchasing power of money decreases and also the risk of legit income declines. This study results support the research by Masriyani *et al*., (2021), Fuad & Yuliadi (2021), Novianti & Perwati (2020), and Rosalyn (2018) which reveal that inflation has a significant and negative effect on the JCI (Fuad & Yuliadi, 2021; Masriyani *et al*., 2021; Novianti & Perwati, 2019; Rosalyn, 2018). However, this is not in line with research by (Anggriana, 2020) and (Dewi, 2020) which stated that inflation had no effect on the JCI (Anggriana & Paramita, 2020; Dewi, 2020).

CONCLUSIONS AND SUGGESTION

Based on the results of the discussion and analysis, it can be concluded that:

1. The world gold price has a significant and negative effect on the Composite Stock Price Index. This can be noticed from the t-statistic of 4.565776 (the negative sign is ignored) which is greater than the t-table of 1.67303 with a significance of 0.0000 which is smaller than 0.05, so the second hypothesis (H_2) shows that the world gold price has an influence on the Composite Stock Price Index is acceptable.
2. World oil prices have a significant and positive effect on the Composite Stock Price Index. The significance value that is smaller than the expected significance value (0.05) indicates that the variable of world oil price has an influence on the JCI, so the third hypothesis ($H3_)$ proposed is accepted. Thus, world oil prices can be used to predict the JCI.

3. The USD/IDR exchange rate does not have any effect on the Jakarta Composite Index (JCI). This means that any decrease or increase in the USD/IDR exchange rate does not affect the JCI. The empirical findings of this study are not in accordance with the fourth hypothesis ($H4_)$ which shows that the USD/IDR exchange rate variable has a negative effect on the JCI. Therefore, the fourth hypothesis ($H4_)$ is rejected.
4. Inflation has a negative and significant impact on the JIC. This means that if inflation in Indonesia increases, the movement of the JCI value will decrease, and vice versa. These study results are in accordance with the fifth hypothesis (H_5) which states that the inflation variable has a negative influence on the JCI. Thus, the fifth hypothesis (H_5) is accepted.
5. The test results simultaneously (simultaneously) are in line with the first hypothesis ($H1_)$ which shows that there is a significant effect of world gold prices, world oil prices, USD/IDR exchange rates, and inflation on the JCI. Therefore, the first hypothesis (H_1) can be accepted.
6. The determination coefficient test result can be noticed that the Adjusted R-squared value is 0.687201, which means that the ability of the regression model consisting of world oil prices, world gold prices, USD/IDR exchange rates, and inflation as independent variables is able to explain variations in the index. The JCI as the dependent variable is 68.72%. The remaining 31.28% was caused by other variables that not examined in this study.

Based on the research conclusions that have been described, some suggestions can be made as follows:

1. For investors who wish to invest in stocks, it is advisable to pay more attention to information related to world gold prices, world oil prices, and inflation as material for consideration in making investment decisions. This is due to the results of the analysis proving that the three variables affect the JCI significantly.
2. Gold can be used as an alternative investment as an emergency reserve fund, especially if the stock market is in a bad condition. So that at any time the company/investor needs funds quickly, it can be obtained through gold investment.
3. For further researchers, it is expected to use more macroeconomic variables in order to be able to obtain better results. In addition, it is also recommended to add a term of research time for obtaining results that are closer to the actual conditions and to get a better description of the capital market condition in Indonesia.

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