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ANALYSIS OF MACROECONOMIC INDICATORS AFFECTING SHARIA STOCK RETURN IN INDONESIA

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Abstract
Changes in market behavior make people pay more attention to company financial performance factors and macroeconomic factors that affect stocks. This study aims to measure and analyze the effect of exchange rate, inflation and BI rate on stock returns, as well as find out developments about the Jakarta Islamic Index. This research uses quantitative methods with the data sources obtained are secondary data sources. The population used in this study is all timeseries data contained in the Jakarta Islamic Index (JII) stock index. There were 11 companies that met the criteria and were selected as research samples. Data collection is carried out using literature studies and documentation. The data analysis technique used is descriptive statistical analysis. The results of this study show that the variables of exchange rate, inflation and BI rate partially or simultaneously have a positive and significant effect on stock returns

Keywords: *Exchange Rate, Inflation, BI Rate, Stock Return*

INTRODUCTION

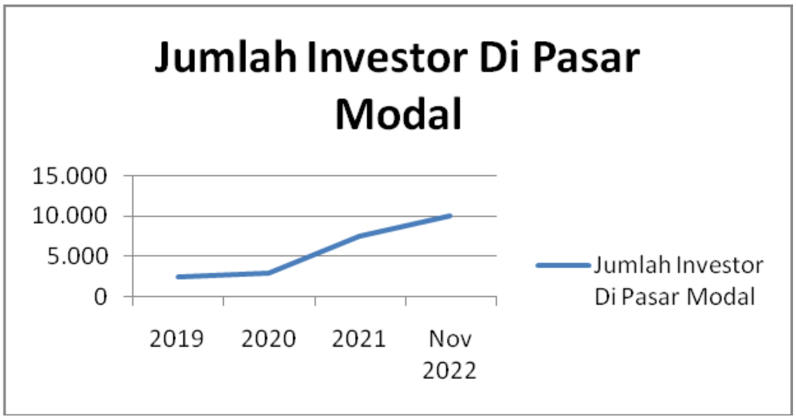
Today, many advances in information and technology occur. One of the benefits is investment activities. Investment is the activity of investing more money in a securities in a certain period to increase certain profits (Ardiyansyah &; Paramita, 2020). Reporting from the official KSEI website -PT Kustodian

Sentral Efek Indonesia (KSEI) noted that investors in the Indonesian capital market exceeded 10 million investors. Based on KSEI data as of November 3, 2022, the number of capital market investors in relation to SID (single investor identity) reached 10,000,628 local investors. The capital market is principally a means of meeting parties who need capital with capital owners, both individuals and groups (Nidiantii &; Wijayanti. 2019).

The number of capital market investors increased from 7,489,337 at the end of 2021, 10,000,628 on November 3, 2022. This upward trend has been seen since 2019 with another 2,484,354 investors The implementation of simplified account opening contributed significantly to the increase in the number of capital market investors, reflected in significant growth in 2020-2021, with an increase of more than 100%. The growth in the number of investors from 2019 to 2021 is the highest in the history of the Indonesian capital market. Reporting from the Indonesia Stock Exchange website, reaching the number of capital market investors who exceeded 10 million is good news for the Indonesian capital market, in addition, the volume is dominated by local investors. This shows that local investors are increasingly trusting and knowing the importance of capital market investment, local investor regulations are expected to bring resilience to the Indonesian capital market in facing global problems.

Graph 1

Investor Development in the Capital Market



The Sharia capital market is one of the indicators of a country's economic growth, as an alternative for individuals to invest. Investors can invest in several companies through the purchase of new securities offered or traded in the shari'ah capital market (Haidir, 2019). Reporting from the website of the Financial Services Authority, the Jakarta Islamic Index is a shari'ah stock index that was introduced to the Indonesian capital market on July 3, 2000. JII's constituent stocks consist of only 30 of the most liquid shari'ah stocks listed on the IDX. Similar to ISSI, the review of the JII component of shari'ah shares will be carried out 2 times a year in May and November according to the DES and OJK review schedule. IDX determines and selects sharia stocks that are constituents of JII (Putra &; Nurhidayati, 2022). Trade developments are shown by the value of the Indonesian Sharia Stock Index (ISSI), ISSI is needed to describe the performance of all shari'ah stocks listed on the IDX, while the Jakarta Islamic Index (JII) is only represented by 30 issuers whose management involves the supervisory board of PT. Danareksa Investment Management.

As trading activities increase in the capital market, the public and investors also need the latest information about stock exchange developments, one of these information can be seen from the composite stock price index (JCI) published by the IDX website. The monetary crisis that has occurred in Indonesia, resulted in 3 things; a significant drop in the value of the rupiah, stagnation in the industrial sector and a decrease in purchasing power (Merdeka, 2022). These three securities make market participants more cautious in buying stocks. This change in market behavior makes people pay more attention to the company's financial performance factors and macroeconomic factors that affect stocks. The stock return is also influenced by market indices and macro factors, namely; Inflation, interest rates, Exchange rate, BI rate and economic growth (Hernendiastoro, 2005).

As an investor, you should be able to anticipate these conditions. Inflation by definition is a condition where prices rise continuously or the value of money continues to decline, this is because an increase in the money supply is not followed by an increase in the supply of merchandise (Suriyani &; Sudiarth, 2018). This can cause some companies to decline and may even go bankrupt, inflation can also cause stock prices to fall and stock price movements are slow (Setyaningrum &; Muljono, 2016). To control inflation, Bank Indonesia has adopted policy by raising the BI Rate. BI Rate is a factor that affects stock prices and factors that can affect changes in stock prices. The BI Rate is the monetary policy rate set by Bank Indonesia (West Java &; Cahyadi, 2020).

Based on these data, it shows that from 2015 to 2020 the inflation rate decreased. In December 2015, inflation reached 3.35% until December 2020, decreasing to 1.68%. The decline in inflation is a positive signal for investors in investing in the capital market, because the risks faced by investors are relatively small. In December 2015 the BI rate was 7.50%, then in 2016 it was 4.75%, in 2017 the BI rate was 4.25%. This has decreased, until in 2018-2019 there was an increase in the BI rate. Then in 2020 the BI rate decreased again by 3.75%, this decrease indicates that the economy in Indonesia is experiencing growth.

The next factor that affects stock returns is the Exchange Rate (exchange rate), the exchange rate greatly affects stock returns, the rise and fall of the exchange rate affects the size of the return received by investors. If the value of the rupiah weakens and the value of other countries' money strengthens, investors tend to invest in the form of other countries' currencies rather than in the form of securities and of course stock prices will decrease because demand for shares decreases (Sari &; Yogivaria. 2021).

The Shari'ah capital market is principally different from the conventional capital market. The shari'ah capital market has introduced a number of shari'ah instruments, including stocks and bonds with specific criteria that are in accordance with shari'ah (Harahap &; Silalahi. 2020). In the capital market there are various stock indices, reported by the Financial Services Authority stock index is a statistical measure of changes in price movements of a collection of shares selected based on certain criteria and used as a means of investment purposes. There are several indices in the capital market both shari'ah and conventional, one of the shari'ah indices is the Jakarta Islamic Index (JII).

Market capitalization is the value of a company calculated from the sum of all outstanding shares of the company multiplied by the market price of the stock. So, the more expensive the stock price, the higher the capitalization value. Judging from the market capitalization, Islamic stocks show continued to rise, which shows that economic conditions may offer good expectations for improving the company's performance. In terms of economic function, the increase in Islamic stock capitalization shows the success of the Islamic capital market as a collector. Alternative sources of capital for business investment with shari'ah principles, in addition to showing the growing awareness of the community, especially Muslims who have excess money, to choose the type of financial investment that is halal (Hanif, 2012).

Graph 3

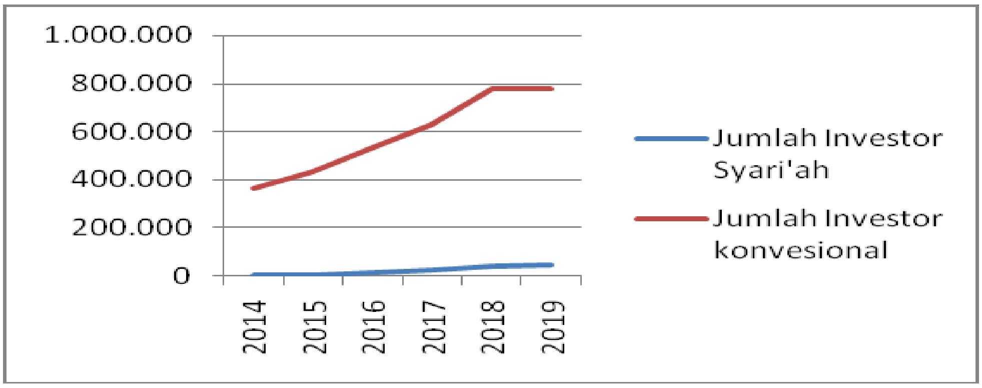
Data Source: *Financial Services Authority (OJK)*

The number of shari'ah stocks that continue to grow can also trigger an increase in investors to invest. The development of Sharia stocks shows positive things, as can be seen from the increasing number of shares. In 2015 in the Sharia Securities List (DES) there were 331 shares and increased in 2020 by 469 shares. Based on these data, the number of shari'ah shares increased over the last 10 years from 2011 to November 2020. The fluctuations in stock price patterns can also affect the stock returns that will be obtained by shareholders. Fluctuating stock prices are influenced by several things, namely external and internal conditions of the company, external conditions, including macroeconomic factors of a country. And the following is a comparative data on the number of investors in the shari'ah capital market and conventional capital market:

Graph 4

Development of the number of shari'ah and conventional investors

Period 2014-2019



Source: Indonesia Stock Exchange

Based on this chart, the development of shari'ah investors is indeed very far from its development when compared to conventional investors, but the number of shari'ah investors is increasing every year. This shows that the shari'ah capital market is in great demand by local investors so that the shari'ah capital market has received considerable attention to the current Islamic economic revival. Islamic investors are investors who are listed on the Sharia online trading system (SOTS) in several securities. These sharia investors can only choose sharia stocks with a transaction mechanism that is guaranteed in accordance with sharia principles (Zuraya, 2022). IDX continues to be committed to developing the Islamic capital market, especially in terms of digitalization and system strengthening so that people can more easily become Muslim investors. IDX continues to encourage sharia hobbyists to join SOTS. Because to invest in sharia, you must pay attention to two things, namely the effect and how to meet the elements of sharia.

Reporting from the *Indonesia Stock Exchange* website, there are 15 securities listed on SOTS, including; Indo Premier Sekuritas, Mirrae Asset Sekuritas, BNI Sekuritas, Mandiri Sekuritas, MNC Sekuritas and others. In SOTS, the online Islamic stock trading system is in accordance with sharia principles in the capital market. SOTS was developed by exchange members as an instrument or means for investors who want to conduct guaranteed sharia stock transactions because they have been certified by DSN-MUI (Republika, 2022). For this reason, the Jakarta Islamic Index is one of the indices in the shari'ah capital market listed on the IDX with consistent stock company performance prospects. This is what distinguishes JII from other indices, if JCI calculates the performance of all stocks listed on the Indonesia Stock Exchange and ISSI shows the performance of all sharia stocks, then JII only calculates the performance of the most liquid sharia stocks.

This study aims to measure and analyze the effect of exchange rate, inflation and BI rate on the return of stocks listed in the Jakarta Islamic Index to find out what variables most affect the return rate of Islamic stocks, so that it can be a guide for investors and potential investors in managing their investments in the capital market.

RESEARCH METHODS

The method of approach to research is to use quantitative methods and secondary data used by the author in the form of sentences reviewed based on articles through the 'Google scholar' site and other sites, then the author gives some thoughts about the importance of social media as a start-up marketing strategy in Indonesia, and around relevant literature.

The population used in this study is all *timeseries* data contained in the Jakarta Islamic Index (JII) stock index. The criteria used in sampling this study are public companies that are able to provide the information needed and meet the following criteria:

a. Companies listed on the Indonesia Stock Exchange (IDX) in the period 2015-2020
b. Companies that meet the criteria of shari'ah with large capitalization and high liquidity in the period 2015-2020
c. Companies that distributed dividends in the period 2015-2020

Based on the criteria of selecting samples from 30 public companies in the *Jakarta Islamic Index* which became a population, there were 11 companies that met the criteria and were selected as research samples:

This study uses multiple linear regression analysis, As stated above, the issue discussed in this study is whether it is carried out for the effect of exhange raet, inflation and BI rate on stock returns. To analyze the research problem using multiple regression method with model:

$$\boxed{Y = a + b1\ X1 + b2\ X2}$$

Source: Sugiyono (2019)

Information:

Y = bound variable

a = constant

B1 = regression coefficient of X1

B2 = regression coefficient of X2

X1 = independent variable

X2 = independent variable

Literature Review

Syari'ah Capital Market

The capital market is considered one of the effective means in encouraging the development of the country. This is possible because capital markets are the means by which long-term capital increases from society are transported to the manufacturing industry. When public fundraising through the capital market is possible, development funds come more and more from abroad (Kapoh, 2020). The capital market is a market for various long-term financing instruments that can be negotiated, both in the form of debt and own capital (Fadilla, 2108). The definition of sharia capital market is capital market activities in the sense that it is regulated in capital market law without principles that contradict sharia and continues to be supervised by the Capital Market and Financial Institutions Supervisory Authority (Bapepam-LK). Islamic Capital Market was officially launched in 2003 and development so far has been no exception in Indonesia. The realization of the Islamic capital market is also part of the difficult and competitive dynamics of the Indonesian economy, especially in the rise of the Islamic economy. Basically, the Islamic capital market system in general is not much different from the ordinary capital market, it's just that there are several characteristics of the Islamic capital market, namely the mechanisms and products contained therein do not conflict with sharia principles and mu'amalah jurisprudence (Toha &; Manaku, 2020).

Some of the Sharia Capital Market Instruments include:

a) Shariah Shares

Shares are proof of ownership or ownership in a business that provides investment benefits that can change depending on the ability of investors to manage it. Sharia stocks are stocks that have characteristics in accordance with Islamic law. Conceptually, a stock is proof of an equity stake in a company and the investor or capital holder enjoys the benefits. This concept does not contradict sharia principles, in muamalah this concept is called musharakah or shirkah activities (Heradsyaska &; Pamesti, 2021).

b) Rexdan Saria

Mutual funds are financial instruments to mobilize capital from the investment community. Funds are collected, then managed and invested by investment managers (fundmanagers) through stocks, bonds, foreign currencies or deposits (Farid, 2014). The investment performance of mutual fund portfolio management is reflected in the value of its net worth assets, in short, NAV. Whether or not the performance of portfolio investments managed by investment managers is influenced by investment policies and strategies carried out by the investment managers concerned (Lestari, 2015).

c) Sharia Bonds (Sukuk)

Islamic bonds or commonly known as sukuk have been known in Islam since medieval times, where Muslims used them in the context of international exchange. Sukuk is a plural form of dara sakk meaning certificate or record. At that time, sukuk was used by traders as a document showing financial obligations arising from business activities and other commercial assets (Savitri, 2015).

Return Saham

Stock return is the rate of return in the form of profit Losses suffered by investors over a certain period of time. Stock returns can be divided into 2, namely in the form of dividends, namely part of the profits of the investor's company either in cash, shares or assets and capital gains which represent the difference between the purchase price and the purchase price to sell (Alexander &; Destriana, 2013).

Components of stock return

That there are two components of stock return, namely as follows:

a) Capital gain/loss

Capital gain is the profit that an investor receives from the difference between the current investment amount and the investment amount invested in the previous period. Investors receive capital gains when they can earn a profit or increase the value of their investment. However, if the value of the investment falls, the investor will incur a loss or loss of capital. Every investment must have capital gains and capital losses. All this depends on the market price of the exchange-traded investment instrument. Examples of investment instruments that can show capital gains or capital loss are bonds and stocks.

b) Yield

Yield is income or cash flow received by an investor periodically, for example in the form of dividends or interest. Productivity is expressed as a percentage of invested capital.

Exchange Rate

The exchange rate or *exchange rate* is the amount of domestic money needed, namely the number of rupiah needed to obtain 1 unit of foreign currency (Pridayanti, 2014). The exchange rate is the agreed price level of the residents of the two countries conducting trade. The exchange rate is divided into two, namely; Real exchange rate and nominal exchange rate. The real exchange rate is the relative price of goods between 2 countries while the nominal value is the relative price of the currencies of two countries (Alfira *et.al*, 2021). Exchange rate is one indicator that affects activities in the stock market and in the money market because investors tend to be careful to invest in portfolios.

Inflation

Inflation is a continuous increase in the prices of goods or economic conditions that show an upward trend in the overall price level. It is called the general price level because the goods and services in the market have different quantities and types are very diverse, so most of the prices of these goods always increase and result in inflation. The inflation rate is the rise or fall of inflation from one period to another or from year to year (Indriyani, 2016). One indicator for calculating the inflation rate is the consumer price index (CPI) which measures the average price of goods and services consumed by households. Therefore, changes in CPI each period reflect the price movements of groups of goods and services consumed by the public. The central bank also said other inflation indicators are based on international best practices, including the Wholesale Price Index, Wholesale Price Index, Producer Price Index, Deflationary Gross Domestic Product and asset price index (Kritiane, 2018).

BI Rate

The definition of BI rate according to Bank Indonesia is the interest rate on Bank Indonesia instruments. The BI rate serves as a reference in the operational performance of currency control to ensure that the weighted average 1-month SBI interest rate arising from open market operations auctions is around the BI rate. In addition, SBI interest rates with a tenor of one month will affect interbank money market interest rates and higher term rates (Artha & Achsani, 2014). Quoting from the official website *Statistical Center Body* that the BI rate is a policy rate that reflects the monetary policy stance set by Bank Indonesia and announced to the public. The BI Rate is announced by the Board of Governors of Bank Indonesia at the monthly Board of Governors' Meeting. Quoting from the official website *Bank Indonesia* That Bank Indonesia strengthens the monetary operations framework by implementing the new benchmark interest rate or policy rate, namely: *BI-7Day Reserve repo rate* (BI7DRR). Strengthening this operating framework is common in various central banks and is an international best practice. The following three impacts are expected with the use of the BI-7 day (reserve) instrument, namely:

a) Strengthening monetary policy signals with the BI-7 day reserve repo rate as the main reference for financial markets
b) Increase monetary policy transition through its impact on money market interest rate movements and bank interest rates

c) The formation of deeper financial markets, especially in transactions and the creation of money market interest rate structures between banks (interbank banks) for a period of 3-12 months.

Theoretical Framework

According to Amri & Ramdani, the rupiah exchange rate against the US dollar in 2015-2020 should be a full concern, which implies that investors should focus on companies. However, this does not reduce investors' interest in investing in JII shares. Because according to investors, investing in the index will definitely bring great profits in the long run. In line with West Java & Cahyadi, fluctuations in value against the dollar can affect companies listed in the jakartaislamicindek (JII). Where when the exchange rate weakens or depreciates, the price of imported goods becomes expensive so that companies whose production raw materials depend on imports will automatically experience an increase in production costs. This can allow it to affect the decline in the company's profit level so as to affect the company's price movements, thereby spurring stock price movements and decreasing the rate of return / profit.

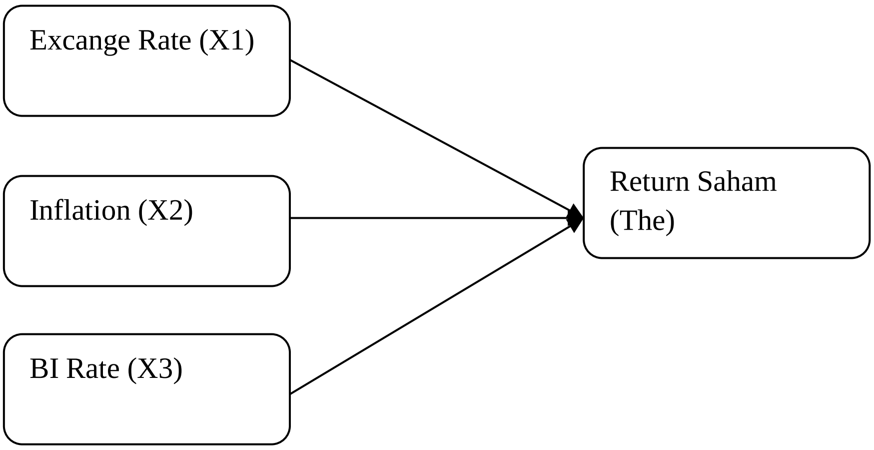
Meanwhile, Sartika explained that the inflation rate can have a positive or negative effect depending on the degree of inflation itself. High inflation can bring down stock prices in the market, while low inflation will result in very slow growth. And in the end, stock prices also move very slowly, this also affects the level of profit of investors. In line with Ibrahim, that if sales fall, this decline will cause a significant decrease in profits, and vice versa if there is an increase in stock prices this can increase stock returns. An increase in operating leverage will lead to increased risk and returns. Likewise, according to Multazam, inflation provides a basic assumption that inflation is fast and increases sharply compared to before, trading activity in JII will also weaken.

Prasetyo & Hariyani in their research explained that when the position of investment value in JII decreases due to inflation, Bank *Indonesia* as the implementing institution of the monetary authority plays a role in raising the benchmark interest rate (BI Rate) to reduce the amount of money circulating in the community. The increase in the BI rate affects bank interest rates, for which investors are more interested in storing their funds in the form of deposits than in the form of securities. As a result, in this assumption, it is concluded that investors will switch to deposits and investments that are short-term, considering that inflation and Bank Indonesia interest rates are not much different from increasing from year to year.

Thus, Antasari & Akbar explain the inverse relationship between stock prices and interest rates, meaning that if the interest rate is high, the stock price is low and vice versa. Based on the explanation stated above, it shows that the Exchange rate, inflation and BI rate have an influence on stock returns. Which means that there is instability between the exchange rate, inflation and the BI rate will put pressure on the stock market. This pressure will cause stock prices to fall so that stock returns tend to decrease.

Based on the literature and theory review, this research framework shows the relationship between the independent variable (free) and the dependent variable (bound). The independent variables in this study are Exchange Rate and Inflation, BI rate and dependent variable namely Stock Return, which can be described in the following construct:

Figure 2.5
Theoretical Framework



RESULTS AND DISCUSSION

To obtain more accurate results in multiple linear regression, it is necessary to do a pre-requisite test or also called the classical assumption test, there are several assumptions that must be met first before using linear regression as a measuring tool to analyze the influence of the variables studied. Classical assumption tests are used to test feasibility using regression models and the feasibility of independent (free) variables.

Among the pre-requisite tests that have been carried out are normality tests, multicollinearity tests, linearity tests and auto correlation tests. Of all the pre-requisite tests, this research data has met all the prerequisites, which are shown by the normality and linearity of the data, there are no symptoms of multicolliarity or autocorrelation. Thus the data in this study is suitable for use in subsequent statistical tests.

Multiple Linear Regression Analysis

Table.4 Multiple Regression Analysis Results

Coefficient								
Model		Unstandardized Coefficients		Standardized Coefficients	t	Say.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	BRIGHT
1	(Constant)	51.364	14.296		3.593	.001		
	Exchange Rate	-.004	.001	-.463	-3.771	.000	.766	1.305
	Inflation	-2.144	.619	-.615	-3.465	.001	.367	2.726
	BI Rate	1.410	.692	.332	2.038	.045	.435	2.299
a. Dependent Variable: Return Saham								

Sumber:*Hasil output SPSS Statistics 26.0 for windows, 2023*

Based on the results of the table above, a multiple linear equation can be arranged as follows:

$$\boxed{Y = a + b1\ X1 + b2\ X2}$$

Y' = 51.364 +(-0.004X1) + (-2.144X2)+1.410X3

The linear regression equation above shows the direction of each independent variable with respect to the dependent variable and can be described as follows:

1. The constant of 51.364 states that if the variables exchange rate, inflation and BI rate are considered constant or have a value of 0, then the average stock return has a value of 51,364
2. The regression coefficient of the exchangerate variable is -0.004 which means that it shows the direction of the negative (not unidirectional) relationship between the exchangerate and stock return. It is that every decrease in the variable exchange rate by 1 then the stock return falls by -0.004.
3. The correlation coefficient of the inflation variable is -2.144, which means that it shows the direction of the negative relationship between inflation and stock returns. It is that for every decrease in the inflation variable by 1 then the stock return falls by -2.144.
4. The correlation coefficient of the BI rate variable is 1.410, which means that it shows the direction of a positive (unidirectional) relationship between the BI

rate and stock returns. It is that for every increase in the variable BI rate by 1, the stock return will increase by 1,410.

2. Coefficient of Determinant

Table. 5

Coefficient of Determination Test Results

Model Summaryb					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.464a	.215	.180	4.64500	2.144
a. Predictors: (Constant), BI Rate, Exchange Rate, Inflasi					
b. Dependent Variable: Return Saham					

Sumber: *Hasil output SPSS Statistics 26.0 for windows, 2023*

Based on the table above, it is explained that the Adjusted R square (R2) is 0.180, indicating the magnitude of the influence of the exchange rate, inflation and BI rate simultaneously on stock returns is 18%, while the remaining 82% is influenced by other factors.

Uji Hypoplant

The effect of exchange rate (X1) on stock return (Y)
The results of partial statistical tests on the variable Exchange Rate (X1) on Stock Return (Y) are as follows:

Table. 6
Partial Exchange Rate Test Results (X1) on Stock Return (Y)

Coefficient								
		Unstandardized Coefficients		Standardized Coefficients			Collinearity Statistics	
Model		B	Std. Error	Beta	t	Say.	Tolerance	BRIGHT
1	(Constant)	51.364	14.296		3.593	.001		
	Exchange Rate	-.004	.001	-.463	-3.771	.000	.766	1.305
	Inflation	-2.144	.619	-.615	-3.465	.001	.367	2.726

	BI Rate	1.410	.692	.332	2.038	.045	.435	2.299
a. Dependent Variable: Return Saham								

The partial test results of the exchange rate variable were obtained with a t value of -3.771 with a significance value of 0.000 where the significance value was smaller than 0.05. So that the partial test results state that the exchange rate has a significant effect on stock returns.

With the value of this coefficient, which means the depreciation of the rupiah exchange rate against the US dollar will affect the stock market because it will make the stock market unattractive. Because investors usually keep their money in dollars. In addition, many companies make foreign loans in dollars to finance long-term projects or buy imported buildings, so the rupiah exchange rate against the US dollar (Suyati, 2016).

The decline has an impact on the company's performance, this can also cause the level of profit that occurs in the stock to decrease. The results of this study are in line with the research of Riadevi & Dharma (2016) which shows that exchange rates have a significant effect on stock returns. This is also in accordance with research researched by Amri & Rmadani (2020) where the research found that the exchange rate variable (Exchange Rate) has a significant effect on stock returns.

The direction of the relationship shown in this study is negative and has a significant effect, which means that fluctuations in exchange rates against the dollar and depreciation of exchange rates against foreign currencies have increased the cost of importing raw materials and equipment needed by companies, thereby increasing production costs. The depreciating exchange rate also raises interest rates to be able to encourage an attractive investment environment in the country. If the company does not earn revenue from export sales, then the company's profitability will decrease (Supriantikasari &; Utami, 2019).

The effect of inflation (X2) on stock returns (Y)

The results of partial statistical tests on the variable Inflation (X2) on Stock Return (Y) are as follows:

Table. 7

Partial Exchange Rate Test Results (X1) on Stock Return (Y)

Coefficient

Model		Unstandardized Coefficients		Standardized Coefficients	T	Say.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	BRIGHT
1	(Constant)	51.364	14.296		3.593	.001		
	Exchange Rate	-.004	.001	-.463	-3.771	.000	.766	1.305
	Inflation	-2.144	.619	-.615	-3.465	.001	.367	2.726
	BI Rate	1.410	.692	.332	2.038	.045	.435	2.299
a. Dependent Variable: Return Saham								

The results of partial testing of the inflation variable were obtained with a t value of -3.465 with a significance value of 0.001 where the significance value was smaller than 0.05. So that the partial test results state that inflation has a significant effect on stock returns.

With the value of this coefficient, which means that the increase in the price of goods and raw materials increases production costs, affects the decrease in demand, resulting in a decrease in sales, thus reducing the company's revenue. In addition, this has a negative impact on the company's bottom line which can also be reflected in falling stock returns.

The results of this study are in line with Sari's research (2019) which shows that inflation has a significant effect on stock returns. The direction of the relationship shown in this study is negative and has a significant effect, which means that fluctuations in the inflation rate from year to year cause a decrease in stock returns. This is a full concern for investors to pay more attention to the state of market share.

The Effect of BI Rate (X3) on Stock Return (Y)
The results of partial statistical tests on the variable BI Rate (X3) against Stock Return (Y) are as follows:

Table. 8

Hasil Uzi Percial B Rate (X3) Terhada Return Saham (E)

Coefficient					
Model	Unstandardized Coefficients	Standardized Coefficients	t	Say.	Collinearity Statistics

		B	Std. Error	Beta			Tolerance	BRIGHT
1	(Constant)	51.364	14.296		3.593	.001		
	Exchange Rate	-.004	.001	-.463	-3.771	.000	.766	1.305
	Inflation	-2.144	.619	-.615	-3.465	.001	.367	2.726
	BI Rate	1.410	.692	.332	2.038	.045	.435	2.299
a. Dependent Variable: Return Saham								

The results of partial testing of the BI rate variable were obtained with a t value of 2.038 with a significance value of 0.045 where the significance value was smaller than 0.05. So that the partial test results state that the BI Rate has a significant effect on stock returns.

With this coefficient value, which means, an increase in the BI rate will affect the increase in stock returns obtained by investors. This effect is inconsistent with investment theory of converting funds from capital markets to banking instruments because it is considered more profitable when the BI rate rises.

The transfer of these funds can affect the decline in stock prices which has an impact on decreasing stock returns on capital gains (Lubis et al, 2020). The results of this study are in line with the research of Hidayat et al. (2017) which shows that the BI Rate has a significant effect on stock returns.

The direction of the relationship shown in this study is positive and has a significant effect, which means that the government can control demand and supply by setting bank interest. In this case, interest can be adjusted by the government. When demand is high, the circulation of money in society is too large, so the government can raise interest rates so that the supply of money increases and the demand for money decreases.

The Effect of Exchange Rate, Inflation & BI Rate on Stock Return

The results of simultaneous statistical tests on variable exchange rate, inflation and BI rate on stock return (Y) are as follows:

Table. 9
Simultaneous Test Results

ANOVA

Model		Sum of Squares	df	Mean Square	F	Say.
1	Regression	401.617	3	133.872	6.205	.001b
	Residual	1467.169	68	21.576		
	Total	1868.785	71			
a. Dependent Variable: Return Saham						
b. Predictors: (Constant), BI Rate, Exchange Rate, Inflasi						

Sumber:_Hasil output SPSS Statistics 26.0 for windows, 2023_

The results of simultaneous testing of exchange rate, inflation and BI rate variables were obtained with an f value of 6.250 with a significance value of 0.001 where the significance value is smaller than 0.05. So that the results of simultaneous tests state that the exchange rate, inflation and BI rate have a significant effect on stock returns.

The second hypothesis proposed is accepted so that the Exchange rate, Inflation BI rate can be used to predict stock returns. This shows that investors should also know how to read risks when investing, investment risks should be minimized to avoid future losses. It can be seen that if the value of return on invested capital is high, the risk is also higher, so investors must be careful when choosing the type, and the amount of investment.

In choosing the amount of investment, accurate financial capabilities of investors are required, suitable for daily activities, investors can invest their money and minimize future risks, invest without applying the precautionary principle.

The prediction of the return value can be seen from several aspects, including inflation, interest rates and the rupiah exchange rate. The results of this study are in line with the research of Setyaningrum & Muljono (2016) which shows that the exchange rate, inflation and BI rate have a significant effect on stock returns, which means that from these three variables with fluctuations in the exchange rate, inflation and BI rate cause instability between the exchange rate, inflation and BI rate will put pressure on the stock market. This pressure will cause stock prices to fall so that stock returns decline as well. And it is expected for investors to better assess and read market share conditions and see the situation of other external factors.

CONCLUSION

The return of Islamic stocks like other stocks is strongly influenced by various factors, especially factors that occur in macroeconomics. The results of the study concretely explain that changes in the exchange rate have a negative and significant influence on stock returns, this is evidenced by obtaining a value of t --3.771 and a significance value of 0.000 which is smaller than 0.05. Furthermore, the study concluded that the exchange rate variable has an influence on stock returns, so the second hypothesis proposed was accepted. The second hypothesis proposed was accepted so that the exchange rate could be used to predict stock returns. A negative effect means that the exchange rate is inversely proportional to the stock return. This is possible because financial companies can survive economic turmoil or exchange rates that do not show significant improvement during the study period. Furthermore, this study also proves that the variable Inflation actually has a negative and significant influence on stock returns, this is evidenced by obtaining a t value of -3.465 and a significance value of 0.001 which is smaller than 0.05. It is statistically proven that the inflation variable has a negative influence on stock returns, so the second hypothesis proposed is accepted. The second hypothesis proposed is accepted so that inflation can be used to predict stock returns. A negative effect means that inflation is inversely proportional to stock returns. This is possible because financial companies can survive economic turmoil or exchange rates that do not show significant improvement during the study period. The variable BI Rate interest rate based on statistical test results provides different results which for the BI Rate variable has a positive and significant influence on stock returns, this is evidenced by obtaining a t value of 2.038 and a significance value of 0.045 which is smaller than 0.05. The second hypothesis proposed is accepted so that the BI rate can be used to predict stock returns. This is possible when the BI Rate increases will be accompanied by an increase in stock returns.

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