

Analysis of Cointegration among Macroeconomics Variables toward Kompas 100 Index

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ABSTRACT

This research aimed to determine the short term and long term relationship among interest rate, inflation and exchange rate toward Kompas 100 Index. The research period was 2014-2016 and it was time series research.

This research used descriptive quantitative approach. This study was conducted using secondary data collected by documentation method from various websites. Data analysis technique were cointegration test and Error Correction Model. The results of the research indicated that (1) there was negative short term and long term relationship between interest rates and Kompas 100 Index; (2) there was no short term relationship between inflation and Kompas 100 Index and there was long term relationship between inflation and Kompas 100 Index; (3) there was negative short term and long term relationship between exchange rates and Kompas 100 Index. The value of Adjusted R Square was 0,767057 which indicated that the ability of interest rates, inflation and exchange rates to explain Kompas 100 Index was 76,70%, meanwhile the 23,30% was explained by other variables not examined in this study.

The significance value of F statistic was 0,00000 indicated the existence of simultaneous relationship among interest rates, inflation and exchange rate with the Kompas 100 Index.

Kata Kunci: Kompas 100 Index, interest rate, inflation, exchange rate, cointegration, Error Correction Model