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THE EFFECT OF WORLD OIL PRICES AND EXCHANGE RATES ON THE STOCK PRICE AMONG LISTED COMPANIES IN INDONESIA

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ABSTRACT

Stock price is the market value of a company on the Indonesia Stock Exchange at a certain time, which is determined by the demand and supply of the shares concerned in the capital market. The purpose of this study is to find out whether factors such as world oil prices, exchange rates, economic growth, inflation, etc. affect the share price of a company in the country over a certain period of time and how these effects affect companies listed on the Indonesia Stock Exchange. For this reason, researchers found methods and data collection, namely descriptive statistical analysis, classical acceptance tests consisting of normality tests, autocorrelation tests, heteroscedasticity tests, and multicollinearity tests. The results of this study, with the help of appropriate research and data collection methods, show that world oil prices do not affect stock prices, nor do exchange rates affect the prices of stocks listed on the Indonesian stock exchange. This study still has many shortcomings, so it is necessary to conduct additional research to support it and confirm the results of previous studies. This Research also includes a discussion, limitations, recommendations, and conclusion.

Keywords: Stock Prices, Exchange Rates, Inflation, Gold Prices, Macroeconomics

1.0 Introduction

1.1 Brief Overview of The Study

This chapter will provide a brief overview of this study. This study is based on two factors, the first is the stock price, the definition of the stock price itself is the market value price of a company on the stock exchange at a certain time, determined by the demand and supply of the shares concerned in the capital market. For the second, namely investment, according to (Tandelilin, 2015), investment is a process carried out today to invest capital in the form of money or other resources with the aim of making big profits in the future. Investor growth continues to increase in Indonesia from year to year. On the other hand, knowledge of company and investment information is still lacking. Therefore, the authors want to conduct research on the effect of world oil prices, exchange rates, inflation, economic growth, and gold prices on the stock prices of companies listed in Indonesia. In this study, there are five independent factors world oil prices, exchange rates, inflation, economic growth, and gold prices. In addition, this study has a dependent variable, namely stock prices. Each variable has different research results, therefore, this study is quite important. This study will focus on the factors that influence the company's stock price. The data collected from historical data on the website of the Indonesian Stock Exchange.

1.2 Problem Statement

a. Current Issue

The problem underlying this research is the increase in investors from year to year which continues to experience growth, on the other hand investors experience a lack of information both in terms of companies or external external to a company on stock prices. this research aims to help investors find out more detailed information.

b. Specific Problem

This underlying problem is an increase in Indonesian investors from year to year that is not covered by sufficient information about its external and internal factors. this increase in investors is mostly from a young age. this research is expected to help investors to consider investing in stocks through several other supporting factors, which may help in the analysis to invest in stock.

c. The Consequences if the problem is unsolved

When the problem is not solved according to what is expected, at least this research is sufficient to help investors choose and make good decisions when they want to invest. The major consequences are not obtained in this research when the problems are not resolved. then from that back again to the initial goal that this research helps investors learn more and provide information about investment and external analysis of the company's stock price.

d. Highlight The Gap

The gap from this research or its predecessor is that many research results are found to be different depending on many factors starting from year, company, website reference, etc., so it is necessary to further research the language of research this time.

e. General Research Objectives

The purpose of this study is to test whether the world oil price affects the stock price of companies listed in Indonesia, whether the exchange rate of currencies affects the price of the stock of companies in Indonesia, whether economic growth affects company stock prices, whether inflation affects the stock value of companies listed in Indinesia and whether the gold price can affect stock prices companies listed in Indonesia.

1.3 Significance of Study

For further research, the researchers hope the results of this study can be used as a reference material to be developed for further research and get good results.

For students, the researchers hope the results of this research can be used as a means of learning, or a reference to help students in learning. This research can be used to evaluate and add skills in the financial field.

For universities, researchers hope to provide information and input in learning on campus to improve the quality of education in particular relevant academic, as well as improve the knowledge of teachers in the university.

2.0 Literature Review

2.1 Background

this chapter, you will find out the definition of stock prices, its functions, the determination and movement of stock prices, and the relationship between factors and stock prices. According to (Jogiyanto, 2008: 167), a stock price is the price of a stock that occurs in the stock exchange market at a specific time determined by market participants and determined by the demand and supply of the shares involved in the capital market.

Some experts state that the share price is equal to the present value of the cash flow expected to be received, according to Sarono (2010: 41). There is also an opinion that the share price is the amount of money required to buy one share in a company. Stock prices are also not fixed but fluctuate according to market conditions. The stock price will increase if the company is considered to be performing well or decrease if the company does not meet expectations.

The function of the share price itself is to raise money from the public to finance the development of the company, usually when the company wants to expand its business and needs considerable funds. Therefore, the company issues shares and uses these costs to build the company.

Changes or movements in stock prices on the Indonesia stock exchange can be influenced by various factors, including company fundamentals, where the Indonesia stock exchange requires companies that have gone public to publish their financial reports at least every quarter (every 3 months), and also by external factors such as world oil prices, exchange rates, economic growth, inflation, and gold prices of a country that can affect stock prices.

This research is based on stock prices, so it is influenced by many factors; especially in this study, external factors were chosen because of the ignorance of investors to find out stock prices through external factors; most people prefer to invest using internal factors, such as fundamentals.

2.2 Dependent Variabels

The share price is one of the keys to a successful offering. Companies tend not to set prices too low, but prices that are too high will also drop the stock offering (Tita Deitiana, 2018). The share price has its own important value for the company; if the share price of a company is high, this provides an opportunity for the company to get additional investment from investors from the increase in its share price (Linzzy Pratami Putri, 2019).

The level of stock value can be influenced by supply and demand between sellers and buyers of these shares. The ups and downs of stock prices in the capital market are directly proportional to the company's results. Stock price information is needed by investors, and stock price information can usually be found on the stock market or a trusted stock price provider website. Stock prices can be used as information to determine the wealth of shareholders, so this information is important for capital market investors. Stock price information is divided into weak information, semi-strong information, and strong information.

2.3 Independent Variabels

2.3.1 World Oil Prices

Petroleum, or crude oil, is currently a very important resource in various aspects of life or any industry because refined petroleum is a source of energy. Petroleum can be processed into various products or energy sources such as LPG, vehicle fuel, lubricants, etc. World oil prices are measured by world oil market points. The world oil price has a standard that refers to the West Texas Intermediate (WTI) system. WTI is high-quality oil produced in Texas, USA. WTI oil is the underlying commodity of the New York Mercantile Exchange (NYMEX) oil futures contract and is considered a high-quality oil that is easy to process. Crude oil is like a currency, and gold is like an indicator of the world economy. Fluctuations in oil prices can affect a country's capital market.

World oil can affect stock prices because Indonesian listed companies have financial control and ongoing operating costs, and world oil can change the country's economic growth. When global oil prices rise, the company's stock price suffers a significant impact. According to previous studies, global oil has no, or at least a negative, effect on stock prices. Therefore, this study further examines the impact of global oil prices on stock prices.

2.3.2 Exchange Rates

According to Mahyus Ekananda (2014: 168), the exchange rate is "the price of one currency relative to the currency of another country. According to (Krugman and Maurice, 1999), the exchange rate is the price of one country's currency compared to another country's currency. measured or expressed The definition of exchange rate is known as the exchange rate between the currencies of two different countries. An increase in foreign exchange is called a weakening of the national currency. If the currency becomes more expensive, it means the relative value of the national currency decreases. When the price of the foreign currency falls, it means the relative value of the local currency rises. Changes in exchange rates are caused by changes in supply and demand in the foreign exchange market.

Exchange rates can affect stock prices because each country's currency differs according to the conditions in that country. When countries experience currency depreciation against the US dollar, the value of their currencies decreases, and vice versa. Therefore, exchange rates are sufficient to influence stock prices. According to previous research, exchange rates have a positive effect on stock prices.

2.3.3 Economic Growth

A country's economy can grow if it experiences an increase in economic activity up to the level of national income. According to (Djojohadikusumo, 2004: 8), economic growth is based on the process of increasing the production of goods and services in the economic activities of society. According to (Schumpeter and Hicks, 2004), economic development refers to the problems of less developed countries, while economic growth refers to the problems of developed countries.

Based on the above definition, it can be said that the development achieved in developing countries is equated with efforts to increase per capita income, also known as economic growth strategies. Economic growth is the process of increasing per capita income in a country over the long term. An increase in per capita income is followed by an increase in production that is greater than the percentage increase in population.

2.3.4 Inflation

According to (M. Natsir, 2014: 253), inflation is defined as the tendency of rising prices of goods and services in general and continuously.According to (Julius, 2011:22), inflation is the tendency of prices to increase continuously. According to (Thuesen and Fabrycky, 2013), inflation is a condition that describes a change in the price level in an economy. It can be concluded that inflation is where changes in the prices of both goods and services continue to increase so that they can affect the economy of a country.

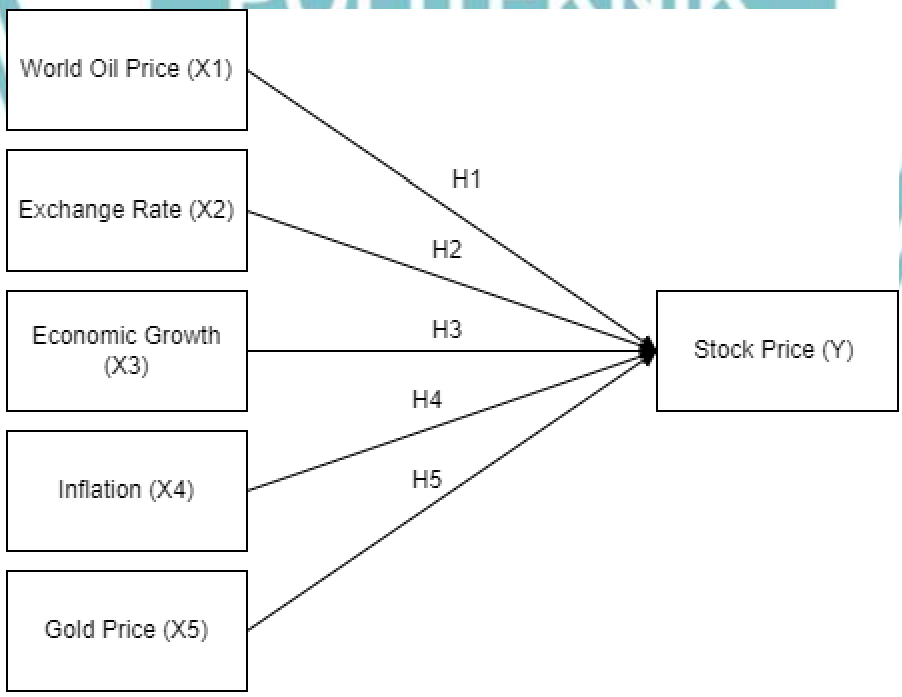
2.3.5 Gold Prices

According to (D. Fajar Sri, 2021), the gold price that has been the benchmark around the world since 1968 is the gold price based on the London gold market, better known as the London Gold Fixing. The currencies used in determining the price of gold are US dollars, British pounds, and euros. The cost of gold looks at future costs and spot costs. Spot costs are actual base values that change each time following an increase in current items, while future costs, as stated by Sharpe, Alexander, and Biley, are "purchase costs and are structured based on future agreements".

2.4 Research Framework and Hypothesis Development

The share price of a company is influenced by many external and internal factors. This research examines how external factors affect the stock price of a company and whether there is a relationship between many factors and the stock price.

For this purpose, the researcher created the following conceptual framework that was developed for the current study based on theory and previous research results:



This study has developed five hypotheses, as follows:
H1: World oil prices have an effect positif and non significant on stock prices.
H2: The exchange rate have an affect negative and nonsignificant stock prices.
H3: Economic growth have an effect positive and significant on stock prices.
H4: Inflation has an effect positif and significant on stock prices.
H5: The gold price has an effect positive and non significant on stock prices.

3.0 Research Methodology

3.1 Population and Sample

A population is an entity or subject with certain quantities and features chosen by researchers for study, from which researchers can subsequently derive conclusions. According to research (Handayani, 2020), the population is the sum of all the elements being researched that share the same traits. These elements can be people who are a part of a group, an event, or something else entirely.

Unlike samples, which, according to Siyono and Sodik (2015), are a small subset of the population's members chosen using certain criteria to serve as the population's representative, samples are a component of the population's size and characteristics. The company's stock price information reported on the Indonesian stock exchange served as the study's population. Utilising data from the central statistical agency, the world's oil prices are calculated using West Texas Intermediate (WTI), currency rates, and inflation are calculated using SBI. The intentional sampling method, which is a sample selected employing consideration, was the sampling strategy employed in this investigation.

3.2 Collection of Data

This study uses data collection as a documentation method. Method Documentation is a method for collecting data from various sources in a timely manner. The Indonesia Stock Exchange is one of the many data sources used (www.idx.co.id), Dow Jones Industrial Average (DJIA) data, company stock prices from e-exchanges such as Yahoo Finance, world oil prices from West Texas Intermediate, inflation and exchange rates using SBI, the data collected is in the form of statistical values related to the research variables, they serve to establish how different variables relate to one another.

3.3 Research Design & Instrument

The link between the variables being studied and the quantitative methodologies and impact of world oil price, exchange rate, economic growth, inflation, and gold price variables on share prices in the Indonesian stock market are examined using multiple regression models using time series data. Researchers chose this strategy because it allows them to test hypotheses that are expected to explain the relationship of influence between the independent variable and the dependent variable suggested by the hypothesis. The study's independent factors are world oil prices (X1), exchange rates (X2), economic growth (X3), inflation (X4), and gold prices (X5), while the dependent variable is stock prices (Y) the Indonesia Stock Exchange; listed. Secondary data were employed in this investigation. Independent variable data comes from trusted sources such as the Indonesia Stock Exchange, www.investing.com, etc for 3 years, namely 2019–2021.

3.4 Data Analysis Strategies

Descriptive Statistical Analysis

Analyses using descriptive statistics offer a broad picture of overview of those qualities based on the average, maximum, and lowest values for each study variable (Cornelia Erviana, 2017). Descriptive statistical analysis is used to evaluate data and give a description of the collected data.

Multiple Linear Regression Analysis

To ascertain the link between the effects of two or more independent variables on one dependent variable, multiple linear regression analysis is performed. The objective of the multiple linear regression test, in the event that the values of the independent variables are known, is to (I Made Yuliara, 2017), is to forecast the value of the independent variable and can identify how the independent variable and independent variable are related.

4.0 Data Analysis

4.1 Descriptive Statistics

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Stock Price	20	141572.33	749614.00	454387.7333	171747.35202
World Oil Price	20	51241.65	59705.65	54550.5155	2514.40447
Exchange Rate	20	1413242.00	1476547.00	1449899.6000	16632.53690
Economic Growth	20	111.35	116.66	113.7695	1.88509
Inflation	20	513.45	583.67	543.6357	19.51863
Gold Price	20	166321.34	166765.88	166567.0951	135.56842
Valid N (listwise)	20				

Based on the table above, it can be seen that the Stock Price variable obtained a minimum value of 141572.33; maximum value 749614.00 and average value (mean) 454387.7333.

4.2 Corellation Analysis

The autocorrelation test checks the linear regression for a link between confounding errors (residuals) in period t and errors in period t-1 (prior). An autocorrelation problem is one where there is a correlation (Ghozali & Ratmono, 2017: 121). An autocorrelation problem is one where there is a correlation (Ghozali & Ratmono, 2017: 121). Autocorrelation generally occurs in time series data because time series data is bound from time to time, unlike cross-section data, which is not bound by time. In this test, researchers used the Durbin-Watson test, which can be seen in the following table:

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.837[a]	.701	.595	.32300	1.991

a. Predictors: (Constant), Gold Price, Economic Growth, World Oil Price, Exchange Rate, Inflation
b. Dependent Variable: Stock Price

It can be seen in the table above that D - W of 1.991 is between -2 and +2 or (-2< x > 2), therefore, it can be said that in this study there are no signs of autocorrelation or issues with autocorrelation.

4.3 Regression Analysis

Data processing is carried out using SPSS, and the results that have been obtained will then be tested for the meaning of the model simultaneously and partially. The regression coefficient is seen from the unstandardized coefficient value. The following are the results of calculations using SPSS:

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-1753.539	1132.019		-1.549	.144
	World Oil Price	1.879	1.704	.169	1.102	.289
	Exchange Rate	-9.507	6.776	-.215	-1.403	.182
	Economic Growth	17.844	4.595	.582	3.883	.002
	Inflation	4.771	2.037	.364	2.343	.034
	Gold Price	146.923	95.724	.236	1.535	.147

a. Dependent Variable: Stock Price

- The partial regression test results show that the probability (p) is 0.289, the regression coefficient (beta) is 1.879, and the t-count value is 1,102. It can be inferred from data processing findings that the price of crude oil has no bearing on stock prices when the probability value (p) is greater than 0.05. First hypothesis is disproved.
- Using the partial regression test, we were able to calculate the t-count value, which was -1.403, and the regression coefficient, or beta, which was -9.507, with a probability (p) of 0.182. It can be inferred from the outcomes of data processing that the exchange rate has no impact on stock prices when the probability value (p) is greater than 0.05. Speculation 2 is disproved.
- The partial regression test results show that the probability (p) is 0.002, the regression coefficient (beta) is 17.844, and the t-count value is 3.883. It can be inferred from data processing findings that economic growth has a positive and significant impact on stock prices when the probability value (p) is 0.05. The third theory is accepted.
- The t-count value is 2.343, the regression coefficient (beta) is 4.771, and the probability (p) is 0.034 based on the partial regression test. It may be inferred from data processing findings that inflation has a positive and significant impact on stock prices, with a probability value (p) of 0.05. Assumption 4 is true.

- Based on the partial regression test, the t-count value is 1.535 regression coefficient (beta) 146.923 with probability (p) = 0.147. It can be deduced from the data processing outcomes where the probability value (p)> 0.05 that Gold Price has no impact on Stock Price. Hypothesis 5 is rejected.

4.4 Summary of Findings

This chapter explains in detail the data processed or managed with SPSS using various research methods. The data that has been processed finds different results for each of the independent variables. From these different results, it can be concluded from the Multiple Linear Regression Analysis research method that world oil market prices, exchange rates, and gold prices have no significant effect on the share prices of companies listed on the IDX. The stock values of companies listed on the IDX are positively impacted by variables such as economic growth and inflation.

5.0 Discussion and Conclusion

5.1 Justification of Research Findings

Based on information retrieved from the Indonesia Stock Exchange website, the primary research goal of this thesis is to investigate the impact of global oil prices, inflation, exchange rates, economic growth, and From 2019 through 2022, the impact of gold prices on the share prices of companies listed on the Indonesia Stock Exchange. Therefore, the five main hypotheses are related to the fixed variable, namely stock prices, which have been developed through the tests used in this study.

Data from yearly reports on the Indonesia Stock Exchange's website is one technique of gathering data and investment.com, which provide information on company stock prices and other aspects. The information was gathered for this study from 20 companies listed on the Indonesia Stock Exchange, and it was examined and evaluated using SPSS.

The results of the data analysis are the findings of hypotheses 3 and 4 that can be obtained and accepted in the appropriate regression test. The regression test results can be accepted in terms of stock prices (p 0.05). This indicates that the two hypotheses and the accompanying stock price have a significant and favorable association.

5.2 Recommendation For Future Research

After obtaining the result of the analysis and discussion, there are limitations to this study as it was not able to include many aspects of the topic in question. Therefore, some modifications, changes, or recommendations can be used for future research.

This study tested five (5) independent variables, namely world oil prices, exchange rates, economic growth, inflation, and gold prices. These five variables are examined using the dependent variable of stock prices. This research helps investors strengthen their investments as a result of this analysis.

It is advised to expand the sample size for future study the sample size and research population because the sample size consists of 20 companies in various sectors such as the food and beverage sector, banking, mining, the health sector, etc. It is recommended to produce better and larger ones because there are more sectors and good companies on the Indonesia Stock Exchange.

In terms of research methodology, it is recommended to conduct panel data analysis to evaluate the results of the calculation. Therefore, a thorough analysis with criteria should be done for future research to get better results from the existing findings.

5.3 Limitation of Study

This research has limitations such as the variables used are not enough to strengthen future analysis and limited time to conduct this research more deeply. From the overall research, the variables used are not enough to strengthen further analysis, therefore investors must know the basics and other information.

5.4 Conclusion

Overall, the general objective of the study that examines the effect of world oil, exchange rates, economic growth, inflation, and gold prices on the stock prices of companies listed on the Indonesia stock exchange in 2019–2022 has been carried out, and obtaining results from data collection is very important for investors' reference to choose investments according to the current conditions in terms of companies or macroeconomics listed on the Indonesia stock exchange. This contributes to producing smart investors.

In general, most of these studies are not entirely positive or significant in interpreting the research conducted. Thus, this research is only a reference to learn more when investing. Other supporting factors could have been done, but limitations exist so that other supporting factors are not listed in this study, and this is a task for future research.

Recommendations for future research are to modify various variables and more companies so that the differences and maximum results are clearer, as well as to help investors learn more about the factors and influences on stock prices according to existing conditions.

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