CHAPTER V

CONCLUSIONS AND SUGGESTIONS

5.1 Conclusion

Based on the results of the analysis that has been carried out, the following conclusions can be drawn:

1. The Federal Funds Rate variable has no effect on the Composite Stock Price Index in Indonesia. Although the direction of the relationship formed was negative, the change in the benchmark interest rate in the United States did not have a significant impact on the movement of the Indonesian stock market during the study period.
2. The variable Rupiah Exchange Rate against US Dollar has an effect on Indonesia's Composite Stock Price Index with a positive relationship direction. This shows that exchange rate appreciation is able to increase investor confidence and encourage investment activities in the capital market, thus having an impact on increasing the Indonesia's Composite Stock Price Index.
3. The World Gold Price has an effect on the Combined Stock Price Index with a positive relationship direction. This shows that the increase in world gold prices can have a positive impact on the performance of certain sectors in the Indonesian stock market, especially the mining and commodity sectors. This condition indicates that the movement of gold prices is not always a substitute for investment in stocks, but can run in the same direction in certain economic conditions

4. The global oil price variable does not affect the Indonesia's Composite Stock Price Index in Indonesia, although the direction of the relationship formed is positive. This shows that fluctuations in world oil prices do not directly affect the movement of JCI during the research period. This condition can be caused by government policies in maintaining energy price stability and Indonesia's economic structure that is not completely dependent on the oil sector

5.2 Suggestions

Based on the results of the study which shows that the rupiah exchange rate and world gold prices have an effect on the Indonesia's Composit Stock Index**,** while the Fed's *interest rate* and world oil prices have no effect, it is recommended for the government and related authorities, especially Bank Indonesia and capital market participants, to pay more attention to the stability of the rupiah exchange rate and the development of global commodity prices as important indicators in maintaining the stability of the rupiah exchange rate and the development of global commodity prices as important indicators in maintaining the stability of the rupiah exchange rate stock market stability in Indonesia. In addition, for investors, the results of this research can be used as a material for consideration in making investment decisions by paying attention to the condition of the rupiah exchange rate and world gold prices as factors that have the potential to affect the movement of the JCI.