SUMMARY

AURORA NUR FIRDAUSI. The Impact of ASEAN Stock Market and Macroeconomic Variables towards Indonesia Sharia Stock Index (ISSI). Supervised by IDQAN FAHMI and IMAM TEGUH SAPTONO.

Investment in Indonesia is currently undergoing a good development. It is characterized by the good performance of the Jakarta Composite Index (JCI), LQ45, Jakarta Islamic Index (JII), and Indonesia Sharia Stock Index (ISSI), which represents the actual conditions of the national Sharia capital market. The market share of the stock of Sharia has reached 58.89% of all issuers of stocks with the highest market capitalization of Rp 2,946 trillion, or of 56.37% of total market capitalization. The presence of Islamic capital market is expected to boost the performance of the national economy.

Entering the ASEAN economic community 2015, the economy of Indonesia need more stable to be able to compete with the global economy. Stable macroeconomic factors of a country as well as the absorption of investment from domestic and foreign investors will be important in the face of ASEAN economic community. This research attempts to examine the impact of ASEAN stock market and macroeconomic variables towards Indonesia Sharia Stock Index (ISSI). By using Vector Error Correction Model (VECM) as the method, this research utilizes time series monthly data from May 2011 to May 2015.

Based on the research results obtained some conclusions. First, the results of the analysis show that VECM on short term, only the JCI and IPI are influenced significantly the ISSI. While in the long term some variables showed significant positive relationship that is inflation, IPI, PSE and STI. Variables that affect the ISSI significantly negative is the BI rate, ER, JCI, and KLSE. Second, the results showed that the IRF ISSI experiencing fluctuations in responding to shocks or shock that occurs on the entire macroeconomic variable and stock markets of ASEAN are observed, before later achieving stability. The time required to achieve a stable condition varies among these variables. ISSI's most rapidly achieve stability when responding to shocks on the IPI. Third, the FEVD analysis results showed that each variable has a different contribution towards the diversity of the ISSI. At the end of the period of observation, the JCI is the variable that has the greatest contribution, while IPI is the variable that has the most small contributions.

Third, still required the strengthening of the real economy sector. The results of the VECM and FEVD proves that the IPI variables is very strategic because the IPI has a significant long term relationships with ISSI, and still contribute minimal against ISSI diversity of 1.96 percent. Therefore, the Government should improve the real sector growth.

Fourth, it is necessary to formulate an effective formulation to minimize the influence of interest rates against the Islamic capital market, as research results indicate that BI Rate still has contributed to the diversity of the ISSI amounting to 3.09 percent and significant relationship with ISSI on long term. This formulation is very important so that either the stock market or markets Shariah. Islamic finance in General, could be freed completely from the influence of interest rates.
Fifth, need to be built early warning system or early warning system to detect and combat the effects of the turmoil going on in the stock markets of other countries. Purpose is to make the staying power of Islamic Indonesia's stock market could be getting stronger so it can get involved maintaining the stability of the national economy, as it will greatly affect the performance of the stock market's National Islamic

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