SUMMARY

TINTON HAMARA. Analysis of the Effect of Macroeconomic Variables on the Stock Price of the Telecommunications Industry. Supervised by NOER AZAM ACHSANI and ANDI BUCHARI.

Capital markets play an important role in the economy of a country, where the value of the stock exchange index in the capital market is a major indicator of a country's economy and finances. Shares are evidence of a person's ownership or shareholders of the company's assets. Stocks are one of the securities among other securities that have a high level of risk. This high risk is due to the uncertainty of return received by investors in the future. The greater the return received, the greater the risk that will be obtained. Returns and high risks to stocks are interrelated with the conditions of macroeconomic, industrial and corporate characteristics.

The telecommunications industry is an industry that greatly influences the economic development of other industries in various sectors. The telecommunications industry is a support for other industries in terms of means of communication. The development of the telecommunications industry has attracted investors to invest in the telecommunications industry. Investors consider that the telecommunications industry is one of the investment sectors that is able to provide maximum returns on its investments in the future. The multiplier impact of the telecommunications industry in Indonesia is extraordinary, because it is the driving infrastructure of all sectors starting from the telecommunications industry itself, also encouraging the trade, manufacturing, small and medium business sectors as a driver of the people's economy. As technology develops, communication services have become one of the basic needs of the community. Citing the results of Sharing Vision's research, the potential for the telecommunications market is increasing, reflected in the survey results that public communication spending is currently around 10-15 percent of monthly income. If referring to the Central Bureau of Statistics data per capita income in 2007 amounted to Rp. 18.5 million per year. That way it can be calculated that public communication spending includes fixed telephone (cable), cellular telephone, or internet can reach around Rp. 2.7 million per population / year. Likewise, the total communication expenditure of the entire population of Indonesia, which is around 230 million people, is estimated to reach around Rp. 500 trillion every year.

This study aims to answer the problems that have been formulated, namely (1) Determine the effect of the movement of macroeconomic variables (SBI interest rates, US dollar exchange rates, inflation, Gross Domestic Product (GDP) growth) on stock prices in the recorded telecommunications industry on the Indonesia Stock Exchange (IDX), (2) Analyzing the sensitivity of macroeconomic variables to stock prices in the telecommunications industry listed on the Indonesia Stock Exchange (IDX), (3) Knowing which variables are the most dominant influence on stock prices in the telecommunications industry listed on the Indonesia Stock Exchange (IDX).

The data analysis technique used in this study is to use times series analysis with dynamic regression. Vector Autoregression (VAR) or Vector
Correction Model (VECM) models are one analysis method that can be used for times series data. The VAR / VECM model is built with an approach that minimizes theory with the aim of being able to capture economic phenomena well. The VAR / VECM model is referred to as a non-structural or non-theoretical model (atoritis). VAR / VECM analysis is an analytical tool that is very useful in understanding the interrelationship between economic variables and in the formation of a structured economic model (Juanda and Junaidi 2012).

The results showed that there was a relationship between macroeconomic variables (inflation, IDR / USD exchange rate, interest rates, GDP growth) on the stock prices of the telecommunications industry listed on the IDX. Changes in macroeconomic variables to the price of telecommunications stocks have different effects depending on the conditions faced by the company. Interest rate and GDP growth factors have a significant effect compared to others on the stock price of the telecommunications industry. Sensitivity due to macroeconomic changes to the stock price of the telecommunications industry is different from one another. The resulting VECM model shows that interest rates and GDP growth have the greatest sensitivity to the increase or decrease in stock prices so that any increase or decrease in interest rates and GDP growth will be responded to by the rise or fall of the stock price of the telecommunications industry. The same thing happens at the inflation rate and exchange rate, although not as big as the interest rate and GDP growth, the inflation factor and the exchange rate have a share in influencing stock prices. The inflation factor has a negative relationship to stock prices so that when inflation increases, the response of stock prices will decrease. The FEVD results show that the changes in the share price of telecommunications companies are more determined by their own variables both in the short and long term, this means that there are other factors that influence changes in stock prices in addition to the above macro-economic variables.

Based on the results of an analysis of macroeconomic variables (inflation, interest rates, IDR / USD exchange rates, GDP growth) that affect the stock prices of the telecommunications industry during the period 2007-2015, some policy implications can be formulated for those interested in investing in the capital market, especially the telecommunications industry. Based on this research, the condition of interest rate development and GDP growth are macroeconomic variables that investors must pay attention to in investing their money in the telecommunications stock market, the impact of variable interest shocks when experiencing an increase will be negatively responded and the decline in GDP growth will be responded positive by telecommunication stock prices that will reduce investment returns. When interest rates continue to increase and GDP growth decreases, investors should be able to release their shareholdings so as to reduce losses. Interest rate and GDP growth variables contribute significantly to the increase or decrease in prices of telecommunications stocks so that investors are deemed necessary to view this variable as a reference in determining their investment.

Keyword: GDP, inflation, exchange rate, growth, telecommunication, VECM