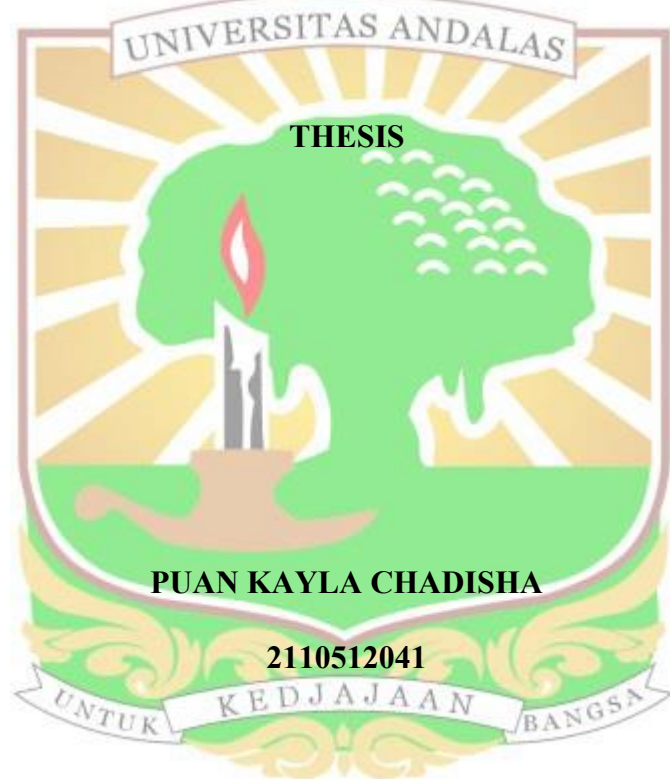




UNIVERSITAS ANDALAS

**MACROECONOMIC INDICATORS AND JAKARTA ISLAMIC INDEX IN
INDONESIA: AN EMPIRICAL ANALYSIS**



FACULTY OF ECONOMICS AND BUSINESS

DEPARTMENT OF ECONOMICS

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MACROECONOMIC INDICATORS AND JAKARTA ISLAMIC INDEX IN INDONESIA: AN EMPIRICAL ANALYSIS

By

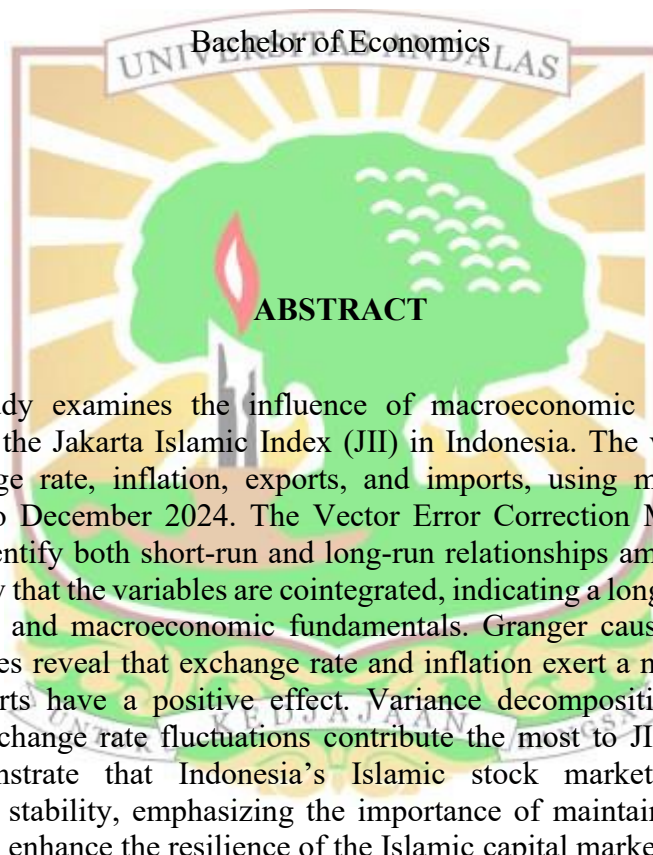
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This study examines the influence of macroeconomic indicators on the performance of the Jakarta Islamic Index (JII) in Indonesia. The variables analysed include exchange rate, inflation, exports, and imports, using monthly data from January 2010 to December 2024. The Vector Error Correction Model (VECM) is employed to identify both short-run and long-run relationships among the variables. The results show that the variables are cointegrated, indicating a long-term equilibrium between the JII and macroeconomic fundamentals. Granger causality and impulse response analyses reveal that exchange rate and inflation exert a negative impact on JII, while exports have a positive effect. Variance decomposition results further indicate that exchange rate fluctuations contribute the most to JII volatility. These findings demonstrate that Indonesia's Islamic stock market is sensitive to macroeconomic stability, emphasizing the importance of maintaining currency and price stability to enhance the resilience of the Islamic capital market.

Keywords: Jakarta Islamic Index, macroeconomic indicators, exchange rate, inflation, VECM, Islamic capital market

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