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The Effect of Dow Jones Islamic Market World Index, Foreign Exchange, Foreign Investment and Domestic Investment with the Intervening Composite Stock Price Index on the Indonesian Sharia Stock Index

Sofyan Halim

Abstract. *The purpose of this research is to know the effect of the DJIMWI, Forex, Foreign Investment, Domestic Investment on the Indonesian Sharia Stock Index (ISSI) with the intervening of JCI in the research period. Through regression analysis, this study concludes that the DJIWMI and the foreign exchange variables have significant positive effect on the JCI. However, the JCI is not significantly affected by the foreign investment but is influenced by domestic investment. Furthermore, it shows that DJIMWI and domestic investment have a significant positive effect on ISSI. The pathway analysis shows that there is a significant effect between the JCI variables on the ISSI. DJIMWI through the JCI has a significant influence on ISSI. Meanwhile, the foreign exchange variable through the JCI has a significant influence on the ISSI variable. On the other hand, the variable of foreign investment through the JCI has no significant effect on ISSI; however, domestic investment through the JCI has a significant influence on ISSI. The limitations of the study are factors outside the research model, which are 25.88% and 53.47% of the dependent variable of JCI and ISSI.*

Keywords: *Dow Jones Islamic Market World Index, foreign investment, domestic investment, Indonesian Sharia Stock Price Index, Composite Stock Price Index, foreign exchange rate*

Abstrak. *Tujuan dari Penelitian ini untuk mengetahui pengaruh dari variable Dow Jones Islamic Market World Index (DJIMWI), valuta asing, investasi asing, investasi domestik terhadap Indeks Saham Syariah Indonesia dengan intervening variabel IHSG pada periode yang dikaji. Melalui analisis regresi, penelitian ini menyimpulkan bahwa DJIWMI dan valuta asing berpengaruh positif secara signifikan terhadap IHSG. Namun demikian, IHSG tidak terpengaruh secara signifikan oleh investasi asing, tetapi dipengaruhi oleh investasi domestik. Selanjutnya, studi ini menunjukkan bahwa DJIMWI dan investasi domestik berpengaruh positif secara signifikan terhadap ISSI. Hasil uji melalui analisis pathway menunjukkan adanya pengaruh signifikan antara variabel IHSG pada ISSI. DJIMWI dan valuta sing melalui IHSG memiliki pengaruh signifikan terhadap ISSI. Di sisi lain, investasi asing melalui IHSG tidak berpengaruh signifikan terhadap ISSI; namun investasi domestik melalui IHSG memiliki pengaruh signifikan terhadap ISSI. Keterbatasan penelitian ada pada faktor di luar model penelitian sebesar 25,88% dan 53,47% dari variable dependen IHSG dan ISSI.*

Kata kunci: *Dow Jones Islamic Market World Index, investasi asing, investasi domestik, Indeks Saham Syariah Indonesian,, Indeks Harga Saham Gabungan, valuta asing*

Faculty of Economic and Business, University of Mercu Buana, Jakarta, Indonesia.
E-mail: sofyan.halim@mercubuana.ac.id

Introduction

Investments and company expansion have been carried out by multinational companies, and they invest in various countries and several foreign direct investments that grow and develop in a particular country. For example, in Indonesia, many companies have gone public in the capital market of the country where foreign companies are located. Meanwhile, some foreign investors invest their capital in the capital market with a portfolio of stocks and bonds with the aim of gaining profits from trading on the stock exchange.

Widodo (2017), quoting from Mie & Agustina (2014), the factors that reflect the performance of the capital market, whether it is experiencing an increase (bullish) or a decline (bearish), are shown through the composite stock price index, as an illustration, if the economic condition of a country is good, it will show an increasing trend, which is expected to strengthen the Composite Stock Price Index (JCI) by showing an increase in the stock index in general. However, if the economic condition of a country declines, then it is likely to happen otherwise.

In the Islamic stock investment sector, several stocks are categorized as the Indonesian Sharia Stock Index, which has a measure and benchmark for investing, including in the stock market based on Islamic Sharia. OJK data in December 2020 showed that there were 424 issuers of shares in the Islamic stock category on the Indonesia Stock Exchange. Based on OJK data, the total capitalization of the Indonesian Sharia Stock Index as of November 2020 reached IDR 3,362,663.04 billion when compared to investment data on Sharia shares in 2011, which was also the beginning of the existence of the Indonesian Sharia Stock Index in 2011, the total investment in Sharia shares Indonesia amounted to Rp 1,968,091.37 billion; hence the capitalization of Indonesian Sharia increased by 70.86% within ten years. Based on IDX Islamic data quoted by the Republika daily on December 7, 2020, it was stated that for six years, from 2015 to October 2020, investors in the sharia-based stock sector grew and increased quite rapidly. During this period, the number of sharia investors grew from 4,908 investors in 2015 to 81,413 investors as of October 2020, so it can be said that there was an increase of 75%/year. The increase in the number of sharia stock investors certainly cannot be separated from the role of regulators and securities companies in carrying out literacy and education related to the sharia market. In the 2020 period, which is the period of the Covid-19 pandemic, the number of Islamic stock investors on the IDX continues to grow. As of October 2020, the number of Islamic stock

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investors reached 81,413 investors, an increase of 12,814 investors, an increase of 18.68 percent compared to 68,599 investors in 2019. Not only that, but the accumulated transactions of sharia investors also increased quite significantly.

The development of global Islamic stock indices, including the Dow Jones Syariah Market Index, has quite influenced the development of portfolio investment in various global exchanges, including in Indonesia, and this has also affected the Islamic stock market price, based on the results of research by Retno Fuji Oktaviani (2017), and Halim (2020) who examined International Sharia Stock Price Index against the Jakarta Islamic Index. The conclusion of the study shows that JII is significantly influenced by DJII USA and DJIM.

The Researchers Jamil Jaballah, Jonathan Peillex J, Laurent Weill (2018) obtained different research results; they conducted research on stock valuation by investigating compliance testing with Sharia provisions, with the method of adding and removing DJIMWI in Muslim countries compared to the United States, produced research results that the addition of an Islamic-based index caused a positive stock market reaction in these Muslim countries. But the reaction is negative in the United States. In contrast, the elimination of the sharia index resulted in a positive stock market reaction in the United States Stock Market. Thus, it can be explained that investors in Muslim countries have a positive perception of Sharia compliance due to religious beliefs, while investors in the United States have negative perceptions about Islam and Sharia compliance, thus reacting negatively to the Dow Jones Sharia Index.

The Researchers Deri Siswara, Jaenal Efendi, Marhamah Muthojarroh (2021) conducted the study through integration and response analysis. Of the Islamic stock market of the OIC countries before the crisis and during the China stock market crisis, also during the United States-China trade war with the ARDL method, The results showed that there was no cointegration in the period before the China stock market crisis. However, during the period of the China stock market crisis and the United States-China trade war, cointegration was more common. The Indonesia Islamic stock market in the two crisis periods had a long-term relationship with the US and China stock markets. In terms of the benefits of portfolio diversification for investors, there is the relevance of dominant economic, geographical, and trade relations in influencing the integration of the Islamic stock market.

Demir C. research (2019) analyzes and investigates the impact and influence of several leading macroeconomic factors on the Turkish Stock Market index,

BIST-100 (Borsa Istanbul-100) during the period 2003Q1-2017Q4, with the results showing that the stock market index increases in BIST-100 influenced by economic growth, relative value to domestic currency, portfolio investment and foreign direct investment, interest rates and crude oil prices have no effect. It can be said that a stronger domestic currency, high international capital inflows, and lower energy and investment costs will influence the development of the Istanbul Stock Exchange market.

F. Jufrida, M. Syechalad, M. Nasir, (2017) researched the Analysis of the Effect of Domestic Investment and Foreign Investment on Indonesia's Economic Growth, with the results of the study that Indonesia's economic growth was positive but not significantly influenced by foreign investment, but significantly influenced by domestic investment. The study results recommend that economic stability can be maintained by the Indonesian Government so that it can present a stimulus that triggers an increase in investment, both foreign investment and domestic investment, to achieve adequate economic growth.

Malisa, Maya, Fakhruddin (2017) conducted research on Direct Investment in Indonesia. The results of the study show that direct investment in Indonesia is influenced by a significant positive effect on interest rates and gross domestic product. Furthermore, direct investment is negatively affected by the exchange rate that has a significant negative effect on direct investment in Indonesia. In this regard, it is expected that the Government needs to maintain the stability of economic growth in order to encourage increased investment in Indonesia and also as a monetary policymaker to maintain the movement of interest rates and the rupiah exchange rate in a stable condition so as not to inhibit the movement of foreign investment in Indonesia.

Researchers have researched the Analysis of the Effect of Inflation, Interest Rates, Dow Jones Sharia Malaysia Index, and Profitability of Stock Prices indexed by the Indonesian Sharia Stock Index, but the results of this study obtained the Coefficient of Determination (R2) which shows the size of Adjusted Square R of 0.006 which means the variable that researched only produces a significance of 0.6%, and that means the rest is 99.4% and other factors that cause fluctuations in a sharia-indexed stock, so it can be interpreted that the stock price of the Issuer studied is not much influenced by the variables studied. There are other previous studies related to the research theme as stated above, including direct investment with the results of research that investment in Indonesia is negatively affected by foreign exchange rates. Economic growth is influenced by foreign direct investment, so that based on this, it triggers to conduct more in-depth research on foreign

investment issues, the Dow Jones Sharia Index, the development of the Indonesian Sharia Stock Index, and the stock index as a whole. So the theme of this research is the Analysis of the Effect of the Dow Jones Index on the World Sharia Market, Foreign Exchange Rates, Foreign Investment and Domestic Investment with the Intervening Variables of the Indonesian Stock Price Index on the Indonesian Sharia Stock Index, with the Research Period from 2014 to 2020.

Literature Review

Signal Theory

Signal theory is quoted from Rini Indarti, Minanari (2019); according to Brigham and Houston (2014:36), signals are instructions to external parties for an action taken by the company regarding management views and company prospects. This signal is in the form of information about the realization of the company owner's plan that has been carried out by management. The level of investor confidence grows and is interwoven from the company's efforts to inform every valid and confidential financial statement. So that investors can identify and assess companies that have a good or bad performance. Still, in this study as a parameter of signal theory is used to find out information on developments and fluctuations in the Sharia Stock Price Index to monitor and signal for investors who will invest and make decisions to make decisions.

Sharia Capital Market

Terminologically, the Sharia Capital Market is defined as a Capital Market that applies the basis of Sharia and fiqh muamalah based on the Qur'an, Sunnah, or Al-Hadith, then based on these two sources of law, the scholars agreed to interpret it as a source of knowledge of fiqh muamalah which regulates human relations in society. Conduct buying and selling transactions and business. In practice in the Capital Market, in carrying out Islamic sharia principles, in practice, it refers to the fatwa of the National Sharia Council - the Indonesian Ulema Council, as long as the fatwa in question does not conflict with the Financial Services Authority Regulations, as regulated in OJK Regulation No. 15/PJOK.04/2015, including regulations governing activities related to Sharia Securities Public Offering, sharia securities trading, sharia investment management in the Capital Market, and Issuers or Public Companies related to Sharia Securities issued, Securities Companies partially or wholly based on sharia principles, as well as professional institutions in finance and investment based on fiqh muamalah.

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The Composite Stock Price Index

According to Brigham and Houston (2006), the stock price at a certain time will depend on the investment of the buyer of the stock so that cash inflows are expected to be received in the future. Based on this understanding, stock prices can be interpreted as prices that occur because of demand and supply in the capital market, which is formed due to a reasonable price mechanism. Widodo (2017) the stock index is the stock price expressed in index numbers. Aiming to avoid the negative impact of using stock prices in rupiah and conducting analysis in stock trading, a composite stock price index is used. Widodo (2017) from Mie & Agustina, (2014). Historically, to monitor and analyze indicators of stock price movements listed on the exchange, the Composite Stock Price Index (JCI) was used. The JCI was launched on April 1, 1983.

Formulation of calculating JCI parameters as follow:

$$JCI = \frac{\sum \text{Marker Capitalize}}{\sum \text{Basic Value}} \times 100\ \%$$

The Composite Stock Price Index (JCI) analyzed is based on data from the month of 2014 to December 2020 from the website: https://www.idx.co.id

Indonesian Sharia Stock Index

OJK Regulation Number 15/PJOK.04/2015 concerning Application of Sharia Principles in the Capital Market states that Sharia Securities are Securities as referred to in the Capital Market Law and its implementing regulations, operating procedures, business activities; the assets that form the basis of the contract, and/or assets related to the said Securities and their issuers do not conflict with the Sharia Principles. Sofyan Halim (2020), quoting from idx.co.id, and Nur Imamah, Tsui-Jung Lin, Suhadak, Siti Ragil Handayani, Jung-Hua Hung (2019), stated that the Indonesian Sharia Stock Index (ISSI) is a composite stock index sharia shares listed on the IDX and began to be issued on May 12, 2011. ISSI is an indicator of the performance of the Indonesian sharia stock market. ISSI's constituents are all shares listed on the Indonesia Stock Exchange (IDX) and screened by the Financial Services Authority until they are listed on the Sharia Securities List (DES) as sharia share issuers.

Thus, it can be interpreted that the IDX does not select sharia shares that enter ISSI. ISSI's constituents are re-elected twice a year, every May and November,

following the schedule of the Sharia Securities Board's review. The parameter used in this study is the Indonesian Sharia Stock Index which is calculated by the formula:

$$ISSI = \frac{\sum \text{Market Capitalization}}{\sum \text{the Basic Value}} \times 100\%$$

The Indonesian Sharia Stock Index analyzed is the index data from the period January 2014 to December 2020 released from the web: https://www.duniainvestasi.com/bei/prices/stock/ISSI.

Dow Jones Islamic Market World Indexes

The Dow Jones Exchange is one of the oldest running US stock market indexes. Researcher Retno Fuji Oktaviani (2017) quoted from Amin (2012), officially this index was started on May 26 and 1986. In more detail, Dow Jones on its website makes stock criteria that should not be included in the calculation of the Islamic Market World Indexes, namely companies engaged in production such as alcohol (liquor), products made from pork. These conventional financial institution services contain usury, casino and gambling, prostitution, and non-halal products and services.

The Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) adopted the Dow Jones Islamic Markets World Index in 1999 in Bahrain (Adel Mohammed Sarea, Mustafa Mohd Hanefah) to protect investors seeking to invest by Muslim Sharia law, by therefore AAOFI has an independent Sharia (Islamic Law) Supervisory Board, Karen PY. Lai, Michael Samers).

The formula used for DJIMWI data analysis uses parameters:

$$DJIMWI = \frac{\sum \text{Market capitalization}}{\sum \text{Basic value}} \times 100\ \%$$

The DJIMWI analyzed is the index data from the period January 2014 to December 2020 released from the web which is S&P Dow Jones Indices data from the website: https://www.spglobal.com/spdji/en/indices/equity/dow-jones-islamic-market-world-emerging-markets-index/#overview.

Foreign Exchange

One of the transaction payment instruments that is widely used in the community is the foreign exchange or also known as foreign exchange (Forex). According to Dedi Takdir S (2015), Foreign Exchange is a currency issued as a legal tender in another country. Foreign exchange will have value if it can be exchanged with other exchanges without limitation. Based on the definition of foreign exchange above, foreign exchange can be used as a commodity that is traded with a system of exchange between foreign exchange in general, even as a means to make investments, so that the form of foreign exchange can be generalized is foreign currency.

According to Dedi Takdir S (2015), The Foreign Exchange Exchange is a type of trade or transaction that trades a country's currency against another country's currency (currency pair/ pair) involving the major money markets in the world exchanges for 24 hours continuously. Chairiel Oktaviar (2017), Forex or foreign exchange, is a foreign currency used as a means of payment. Forex in English is known as foreign exchange (Forex). Forex can be used as a form of investment and traded in general. As for foreign exchange in the form of foreign currency, not every foreign currency can be used directly to do foreign currency.

Adiningtyas D (2018), in conducting his research, the parameters used are the rupiah rate against the US Dollar, so in the research of foreign exchange rate parameters used in this study is the moderate rate of rupiah against the US Dollar currency, using the formula:

$$\text{Central Exchange Rate} = \frac{(\text{Selling Rate} + \text{Buying Rate})}{2}$$

While the Central Exchange Rate over the US Dollar taken is the middle rate at the end of each month from the period of 2014 to end of 2020 from the website: www.bi.go.id.

Investment

Investment is an investment provided by companies, organizations, or individuals made abroad or within the country. Investment or investment, according to Dhaniswar K Harjono (2007), is an investment given by individuals or companies, or organizations both domestically and abroad. In general, investment can be interpreted as an activity carried out by a private person (natural person) and

a legal body (juridical person). Many should be considered in making investments, because many factors affect it, including resource factors, both human resources and natural resources to support the investment program to be carried out, the next factor of economic problems and political stability because these factors are significant in deciding investment in order to get legal certainty, both nationally and a region within a particular Country.

1. Foreign Investment

As one of the efforts to attract foreign investors, the Government provides facilities and fiscal facilities that are quite attractive in inviting all investment, including foreign investment. According to Law No. 25 of 2007 on Investment, that Foreign Investment is a form of investment by building, buying total or acquiring companies, investment cooperation activity to conduct business in the territorial zone of the Indonesian archipelago conducted by foreign investors, either using foreign capital in whole or cooperating and partnering with domestic investors.

Foreign Investment, in general, can be done by direct investment in the real sector or better known as Foreign Investment Direct; foreign direct investment carried out by Foreign Investment (PMA) has more advantages, including long-term, many contributing to technology transfer, management skills transfer, opening new jobs. This employment is significant for the developing country given the limited ability of the Government to provide jobs. Dhaniswara K.H (2007) explained that Direct Investment is a form of direct investment. In this case, the investor is directly involved in the management of the business and is directly responsible in the event of a loss. Foreign Investment is also carried out by foreign investors carried out indirectly (Indirect Investment), which is an investment made through the Capital Market or Stock Exchange, so it is known as Portfolio Investment (Dhaniswara K.H, 2007). Indirect investment, according to Jonker Sihombing, which is controlled by Dhaniswara K.H (2007), is an investment made by buying securities issued by the company or issued by the Government. In general, transactions to buy and sell stocks and or currencies in a relatively short period of time depending on fluctuations in the value of the stock and/or the currency they want to sell are short-term investments. (Dhaniswara K.H, 2007).

Demir C. (2019) analyzed and investigated the impact and influence of several prominent macroeconomic factors on the Turkish Stock Market index, BIST-100 (Borsa Istanbul-100) during the period 2003Q1-2017Q4, with the results showing that economic growth, the relative value of domestic currencies, portfolio investment

and foreign direct investment increased the stock market index while interest rates and crude oil prices negatively affected it. The results briefly reveal that the Istanbul Stock Exchange Market needs a more robust domestic currency, higher international capital inflows, and lower energy and investment costs. The study of Firdaus Jufrida, M. Nur Syechhalad, M. Natsir (2017) defines foreign investment in Indonesia can be made in two forms of investment, namely (Anoraga, 1995: 46):

1) Portfolio Investment is an investment and trading of stocks and / or bonds conducted in the capital market.
2) Direct Investment is an investment by owning or establishing a company to run a business.

While the parameters used in this study are the amount of foreign direct investment listed in the Coordinating Board of Capital Markets and Foreign Investment portfolio on the Indonesia Stock Exchange at the end of each month and end of the year the research period from 2014 to the end of 2020 recorded in the Financial Services Authority is calculated in units of millions of US Dollars and converted at the central exchange rate of USD to rupiah at each end of each month and end of the year during the year research period from 2014 to the end of 2020. The formulation used for this variable is:

Foreign Investment = (Foreign Direct Investment + Foreign Investment Stock portfolio) x Central Exchange Rate USD.

The foreign investment data used in the study was taken at the end of the month from January 2014 to December 2020 from the website: www.ojk.go.id dan www.bkpm.go.id.

2. Domestic Investment

Domestic Investment is in accordance with the provisions of Law Number 25 of 2007 and Presidential Regulation Number 76 of 2007 concerning Criteria and Requirements for Preparation of Closed Business Fields and Business Fields Open with Conditions in the Investment Sector. Researcher Firdaus Jufrid, M. Nur Syechhalad, M. Natsir (2017), Domestic Investment can be made by individuals as a community of a country, both conducted by private business entities and the government of the country that invests in the certain countries. In this study, the parameter used in the domestic investment variable is the total value data calculated in billions of rupiah based on data from the Investment Coordinating Board and the Financial Services Authority. In contrast, the parameters used in

this study are the number of domestic investments registered with the Investment Coordinating Board and Domestic Investment from portfolios registered with the Financial Services Authority, which is calculated in billions of rupiah. Transactions on the Indonesia Stock Exchange at the end of each month and the end of the research period from 2014 to the end of 2020 are recorded at the Financial Services Authority, calculated in billions of rupiah.

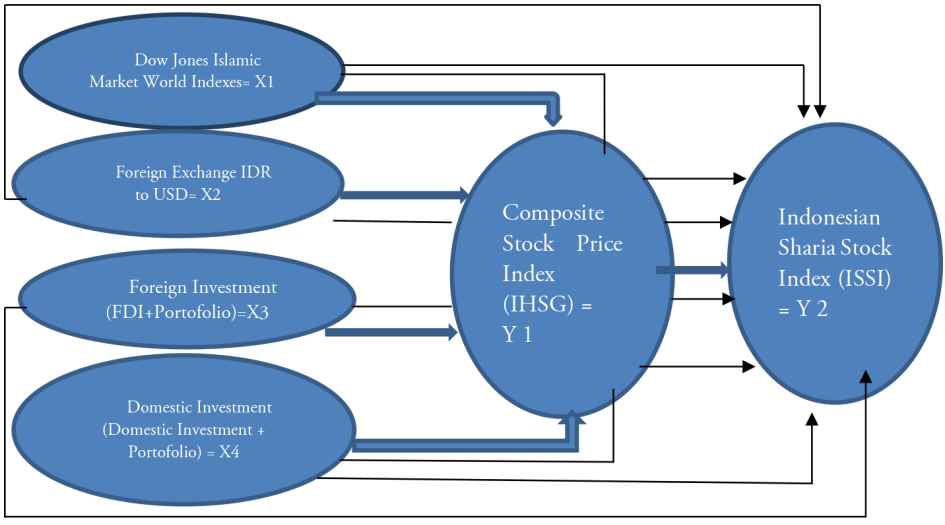
The formulation used for the analysis of domestic investment data is:

Domestic Investment = (Domestic Investment (BKPM) + Domestic Investment Stock Portfolio).

The Domestic investment data used in the study was taken at the end of the month from January 2014 to December 2020 from the website: www.ojk.go.id, and www.bkpm.go.id.

The research framework can be described in an image that shows the relationship between independent variables, which include DJIMWI Foreign Exchange Rates, Foreign Investments registered with the Investment Coordinating Board, and Investments registered with the Financial Services Authority and Domestic Investments which include Domestic Investments. Registered with the Investment Coordinating Board and Portfolio Investment registered with the Financial Services Authority, these variables have an effect on the Indonesian Sharia Stock Index, through the JCI intervening variable so that the hypothesis of this research is:

Figure 1. Research Framework



Dow Jones Islamic Market World Index Influences the Islamic Stock Index of Indonesia

Researchers Jaballah, Peillex J, Weill L, (2018) investigated the influence of Sharia compliance on stock valuations by testing the effect of the price of 23 stocks on the addition and elimination of the DJIMI in Muslim countries and the USA. The research conclusion found that the existence of sharia-based indices received an adverse reaction in the USA and a positive reaction stock market in Muslim countries. Instead, the elimination of the Sharia index resulted in a positive reaction in the USA but got a negative reaction stock market in Muslim countries.

Researcher Retno Fuji Oktaviani (2017) quoted from Amin (2012), The Dow created the index to measure the performance of industrial components in the U.S. stock market. Officially this index began on May 26, 1986. The results showed that DJI Europe Index has no significant effect on the Jakarta Islamic Index, DJI USA index has a negative and significant effect on the JII, The DJI of Japan Index has no significant effect on the JII, and DJIM Malaysia Index has a positive and significant influence on the JII. In more detail, Dow Jones on its website makes the Dow Jones Islamic Market World Indexes with stock criteria that should not be included in the calculation of the Islamic Market World Indexes which are companies engaged in production such as alcohol (liquor), Conventional capitalists, and gambling, porn media.

While the object of this study is the Islamic Dow Jones Market World Index, at the end of each month and year in the period of research from 2014 to 2020, with the following hypothesis:

H1: Dow Jones Islamic Market World Index affects the Indonesian Sharia Stock Index.

Dow Jones Islamic Market World Index Influences Composite Stock Price Index

Widodo (2017) analyzes the influence of the Asian Regional Composite Stock Price Index on the Jakarta Composite Index with the conclusion that simultaneously all independent variables affect the dependent variable. However, separately the JKSE variable was positively influenced by the N225, KS11, and KLSE variables while the HSI and STI variables had no effect on the JKSE variable from January 2009 to May 2017.

Wicaksono, Immanuel Satrio; Yasa, Gerianta Wirawan (2017), examined the effect of the United States Central Bank Interest Rate, Dow Jones Index, Nikkei

225 and Hang Seng on the Composite Stock Price Index, with the results of the analysis in this study showing the Fed Rate has no effect on the Composite Stock Price Index. The Dow Jones Index has a positive effect on the Composite Stock Price Index, the Nikkei 225 has no positive effect on the Jakarta Composite Index and Hang Seng has a positive effect on the Jakarta Composite Index.

In this study the DJIMWI variable is an exogenous variable, with the object of this research being the Islamic Dow Jones Market World Index at the end of each month and year during the 2014-2020 research period, with the following hypothesis:

H2: Dow Jones Islamic Market World Index affects the Composite Stock Price Index.

IDR Exchange Rate Against USD Affects Indonesia's Sharia Stock Index

Adiningtyas D.T. (2018), in conducting his research, the parameters used are the rupiah rate against the US Dollar and the Malaysian ringgit rate against the US Dollar, with the results of the study concluding the rupiah exchange rate against the dollar affects the Jakarta Islamic Index in the short and long term. The ringgit exchange rate against the dollar affects the FTSE Bursa Malaysia Hijrah Sharia Index in the short and long term.

The object of research on this variable is the rupiah exchange rate against the US Dollar at the end of each month and year during the 2014-2020 waiting period, so based on this explanation, the following hypothesis can be formulated:

H3: Foreign Exchange Rate affects the Indonesian Sharia Stock Index.

IDR Exchange Rate Against the USD Affects the Composite Stock Price Index

Yunita, Y., Nurlita.,& Robiyanto (2018) conducted a study on the Effect of Interest Rates, Rupiah Exchange Rates, and Gold Prices on The Return of Mining Sector Share Prices on the Indonesia Stock Exchange, with research results showing that variable rupiah exchange rates and gold prices have a significant influence on the return of mining sector stock price indexes.

Sari, W. I. (2019), Analysis of the Effect of Inflation, SBI Interest Rates, Exchange Rate Against Return LQ 45 and Its Impact on the Composite Stock Price Index (JCI) on the Indonesia Stock Exchange (IDX), with the results of research on Inflation, SBI Rate, IDR / USD Exchange Rate simultaneously or together has

a significant effect on the return of LQ 45 Shares. There is a significant positive influence between the Return of LQ 45 on the Composite Stock Price Index (JCI).

In this study, the foreign exchange rate variable is exogenous. In contrast, the research object on this variable is the rupiah exchange rate against the US dollar with the hypothesis that it affects the Composite Stock Price Index. The object under study is the central exchange rate of the rupiah against the United States dollar at the end of each month and year for the 2014-2020 period, so based on this explanation, the following hypothesis can be formulated:

H4: Foreign Exchange Rate affects the Composite Stock Price Index.

Foreign Investment Affects the Indonesian Sharia Stock Index

Firdaus Jufrida, M. Nur Syechhalad, M. Natsir (2017) examines the Analysis of the Influence of Foreign Investment and Domestic Investment on Indonesia's Economic Growth, with the results that Foreign Investment influence positively but not significantly on Gross Domestic Product in Indonesia.

The object of research on this variable is the value of Direct Investment in Foreign Investment registered with the Investment Coordinating Board and Portfolio Investment and Foreign Portfolio Investment at the end of each month and year position for the 2014-2020 research periods. Based on the results of the research above, in this study, the following hypotheses can be formulated:

H5: Foreign Investment affects the Indonesian Sharia Stock Index.

Foreign Investment affects the Combined Stock Price Index

The Researchers of Nazeer, A.M., & Masih, M. (2017) researched to find out the contribution of macroeconomic indicators to stock market developments on the Karachi Stock Exchange (KSE) and as a dependent variable, by examining Foreign Remittances (FR), Gross Domestic Saving (GDS) and Money Supply (MS) as explanatory variables, with the results of the study that foreign remittances have an insignificant effect both in the short and long term in the stock market because most of the foreign remittances are used for consumption.

Demir C. (2019) analyzed and investigated the impact and influence of several prominent macroeconomic factors on the Turkish Stock Market index, BIST-100 (Borsa Istanbul-100) during the period 2003Q1-2017Q4, with research results showing that economic growth, the relative value of domestic currencies, portfolio investment and foreign direct investment increased stock exchange index.

In this study, the Foreign Investment variable is an Exogenous variable, with the Research Object on this variable being the value of Direct Investment in Foreign Investment registered in Investment Coordinating Board and Foreign Portfolio Investment at each position at the end of the month and year of the research period from 2014-2020.

Based on the results of the above research, in this study, the following hypothesis can be formulated:

H6: Foreign Investment affects the Composite Stock Price Index.

Domestic Investment Influences the Indonesian Sharia Stock Index

Research from Firdaus Jufrida, M. Nur Syechhalad, M. Natsir (2017) examines the Analysis of the Influence of Foreign Direct Investment and Domestic Investment on Indonesian Economic Growth. The research results are that Domestic Investment positively and significantly influenced Gross Domestic Product in Indonesia.

The research object on this variable is the value of Investment Domestic registered in the Investment Coordination Agency and Portfolio Investments, and Portfolio Shares in the Financial Services Authority at each position at the end of the month and year of the research period from 2014-2020.

Based on the results of the above research, in this study, the following hypothesis can be formulated:

H7: Domestic Investment affects the Indonesian Sharia Stock Index.

Domestic Investment Affects the Composite Stock Price Index

Research from Firdaus Jufrida, M. Nur Syechhalad, M. Natsir (2017) examined the Analysis of the Influence of Foreign Direct Investment and Domestic Investment on Indonesia's economic growth, with the research results on Domestic Investment having a positive and significant effect on Gross Domestic Product in Indonesia. In this study, the variable of Domestic Investment is an Exogenous variable, with the Research Object on this variable is the registered Domestic Investment value in the Investment Coordination Agency and Portfolio Investments, and The Stock Portfolio in the Financial Services Authority at each position at the end of the month and year of the research period from 2014-2020.

Based on the results of the above research, in this study, the following hypothesis can be formulated:

H8: Domestic Investment affects the Composite Stock Price Index.

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The Influence of the Composite Stock Price Index Affects the Indonesian Sharia Stock Index

The researcher of Firdausi A.N, Saptono IT, (2016), this study aims to test the influence of ASEAN stock price indexes and macroeconomic variables on the Indonesian Sharia Stock Index (ISSI), with the results showing that in the short term, only JCI and IPI significantly affect ISSI. While in the long term, some variables show a significant positive relationship, namely inflation, IPI, PSE, and STI. Variables that significantly affect ISSI are BI rate, ER, JCI, and KLSE.

The research object on this variable is the composite stock index at each position at the end of the month and year of the research period from 2014-2020. Furthermore, based on the results of the above research, in this study, the following hypothesis can be formulated:

H9: The Composite Stock Price Index affects the Indonesian Sharia Stock Price Index.

Dow Jones Islamic Market World Index, Influential on Indonesia's Sharia Stock Index Through the Composite Stock Price Index

Researcher Retno Fuji Oktaviani (2017) quoted from Amin (2012), Dow Jones is one of the stock market indices founded by the editor of The Wall Street Journal and founder of Dow Jones & Company, Charles Dow. The Dow created the index to measure the performance of industrial components in the U.S. stock market. Officially this index began on May 26, 1986. The Dow Jones stock exchange is one of the oldest U.S. stock market indices. In more detail, Dow Jones on its website makes the Dow Jones Islamic Market World Indexes with stock criteria that should not be included in the calculation of the Islamic Market World Indexes which are companies engaged in production such as alcohol (liquor), pork, and related to conventional financial services capitalists, entertainment industries such as casino hotels and gambling cinemas, porn media. The results of the study show that DJI Europe Index has no significant effect on the JII; DJI USA index has a negative and significant effect on the JII; DJI of Japan Index has no significant effect on the Jakarta Islamic Index; DJI Malaysia Index has a positive and significant influence on the Jakarta Islamic Index.

Wicaksono, Immanuel Satrio; Yasa, Gerianta Wirawan. (2017) examined the effect of the United States Central Bank Interest Rate, Dow Jones Index, Nikkei 225, and Hang Seng on the Composite Stock Price Index. The results of an analysis on this study show the Fed Rate did not affect the Composite Stock Price Index.

The Dow Jones Index positively affects the Composite Stock Price Index. The Nikkei 225 has no positive effect on the Composite Stock Price Index. The Hang Seng has a positive effect on the Composite Stock Price Index.

The object of this research is the Islamic Dow Jones Market World Index, at each position at the end of the month and year of the research period from 2014-2020, with the following hypothesis:

H10: Dow Jones Islamic Market World Index affects the Indonesian Sharia Stock Index through the Composite Stock Price Index.

Foreign Exchange Rate Affects the Indonesian Sharia Stock Index Through the Composite Stock Price Index

Adiningtyas D.T. (2018), in conducting his research, the parameters used are the rupiah rate against the US Dollar and the Malaysian ringgit rate against the US Dollar, with the results of the study concluding the rupiah exchange rate against the dollar affects the Jakarta Islamic Index in the short and long term. The ringgit exchange rate against the dollar affects the FTSE Bursa Malaysia Hijrah Sharia Index in the short and long term.

Yunita, Y., Nurlita.,& Robiyanto (2018) conducted a study on the Effect of Interest Rates, Rupiah Exchange Rates, and Gold Prices on The Return of Mining Sector Share Prices on the Indonesia Stock Exchange, with research results showing that variable rupiah exchange rates and gold prices have a significant influence on the return of mining sector stock price indexes.

The research object on this variable is the rupiah exchange rate against the US Dollar at the end of each position at the end of the month and year of the research period from 2014-2020. Therefore, based on this explanation, it can be formulated the following hypothesis:

H11: Foreign Exchange Rate affects the Indonesian Sharia Stock Index through the Composite Stock Price Index.

Foreign Investment Impacting the Indonesian Sharia Stock Index Through the Composite Stock Price Index

The Research of Firdaus Jufrida, M. Nur Syechhalad, M. Natsir (2017) examined the Analysis of the Influence of Foreign Direct Investment and Domestic Investment on Indonesia's economic growth, with the results of foreign investment research having a positive but insignificant effect on Gross Domestic Product in

Indonesia. Researcher Nazeer, A.M., & Masih, M. (2017) researched to find out the contribution of macroeconomic indicators to stock market developments on the Karachi Stock Exchange (KSE), and as variable dependents, by examining Gross Domestic Product, Money Supply (MS) and Foreign Remittances as explanatory variables, with foreign remittance research results having an insignificant influence both in the short and long term in the stock market due in part to the large shipments of foreign money are used for consumption.

Demir C. research (2019) analyzed and investigated the impact and influence of several prominent macro-economic factors on the Turkish Stock Market index, BIST-100 (Borsa Istanbul-100) during the period 2003Q1-2017Q4, with the results of the study showing that economic growth, the relative value of domestic currencies, portfolio investment and foreign direct investment increased the stock market index. The research object on this variable is the value of Direct Investment in Foreign Investment registered in BKPM and Foreign Portfolio Investment at each position at the end of the month and year of the research period from 2014-2020.

Based on the results of the above research, in this study, the following hypothesis can be formulated:

H12: Foreign Investment affects the Indonesian Sharia Stock Index through the Composite Stock Price Index.

Domestic Investment Affects the Indonesian Sharia Stock Index Through the Composite Stock Price Index

The Research of Firdaus Jufrida, M. Nur Syechhalad, M. Natsir (2017) examines the Analysis of the Influence of Foreign Direct Investment and Domestic Investment on the growth of the Indonesian economy, with the results of Domestic research Investment positively and significantly influenced on GDP in Indonesia. Research objects on this variable is the value of Domestic Investment registered in the Investment Coordination Agency and Portfolio Investments and Stock Portfolio on the Indonesia Stock Exchange-listed in the Financial Services Authority at each position at the end of the month and year of the research period from 2014-2020.

Based on the results of the above research, the hypothesis of this study is formulated as follows:

H13: Domestic Investment affects the Indonesian Sharia Stock Index through the Composite Stock Price Index.

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Methodology

This study uses causal research methods. According to Sugiyono (2012: 59), the causal relationship is a cause-and-effect relationship. By doing this research by showing the existence of variables that affect (variables X) and affected variables (variables Y). So through this research can test the hypothesis of the influence of several Independent variables (variables X1, X2, X3, and X4) on dependent variables (variable Y2) through variable intervening (Y1). In this case, Variables used to prove the existence of causal relationships between The Indonesian Sharia Stock Index are influenced by DJIMWI, Foreign Exchange Rate, Foreign Investment, and Domestic Investment through Composite Stock Price Index (JCI) Variable as Intervening Variable (Y1), in this research is the Indonesian Sharia Stock Index as Dependent variable (Y2) used. The research object on dependent variables in this study is the Sharia Stock Price Index, and the Composite Stock Price Index is an Intervening Variable. Furthermore, The data from each variable is data at the end of each semester on June 30 and December 31 from 2014-2020. Furthermore, the variables in this study then operational variables and measurement scales can be presented in table 1 below:

Table 1. Variable Operations and Measurement Scale

No	Variable /Data Source	Defined	Measurement	Measurement Scale
1	JCI (Y1) www.idx.co.id	Widodo (2018), an indicator or reflection of stock price movements is stock price index	$JCI = \frac{\sum \text{Market Capitalized}}{\sum \text{Basic value}} \times 100\ \%$	Ratio
2	ISSI (Y2) https://www.duniainvestasi.com/bei/prices/stock/ISSI	Sofyan Halim (2020), Quoting from idx.co.id, mentioned that the Indonesian Sharia Stock Index (ISSI) is a composite index of Shariah stocks listed on the IDX and began to be launched on May 12, 2011.	$ISSI = \frac{\sum \text{Market Capitalized}}{\sum \text{Basic value}} \times 100\ \%$	Ratio
3.	DJIMWI (X1) https://www.spglobal.com	Retno Fuji Oktaviani (2017) Dow Jones Islamic Market World Index with sharia stock criteria	$DJIMWI = \frac{\sum \text{Market Capitalized}}{\sum \text{Basic value}} \times 100\%$	Ratio

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No	Variable /Data Source	Defined	Measurement	Measurement Scale
4	Foreign Exchange (X2) www.bi.go.id	Dedi Takdir S (2015), Foreign exchange is a currency issued as a legal means of payment in another country.	IDR middle rate against FOREIGN EXCHANGE US Dollar = (Selling Rate + Buy Rate): 2	Unit IDR
5	Foreign Investment (X3) www.bkpm.go.id and www.ojk.go.id	Firdaus Jufrida, M. Nur Syechhalad, M. Natsir (2017), defining foreign investment in Indonesia includes investment portfolio of capital markets with and direct investment through foreign direct investment	Foreign Investment = (Foreign Direct Investment + Foreign Investment Stock portfolio) x Central Exchange Rate USD	Unit Million US Dollar converted central exchange rate of IDR
6	Domestic Investment (X4) www.bkpm.go.id and www.ojk.go.id	Firdaus Jufrid, M. Nur Syechhalad, M. Natsir (2017), Domestic Capital Investment can be done by indonesian individuals, state business entities, and / or state governments that invest in the territory of the Republic of Indonesia.	Domestic Investment = (Domestic Investment (BKPM) + Domestic Investment Stock Portfolio)	Unit billion IDR

Result and Discussion

The objects of the research in this study are ISSI, JCI, DJIMWI, Foreign Exchange Rates, Foreign Direct Investment and Stock Portfolios on the Stock Exchange, as well as direct domestic investments and stock portfolios on the Stock Exchange with data analyzed from the period January 2014 to December 2020.

Results of Data Analysis on the Composite Stock Price Index Dependent Variable

The multiple linear regression method determines whether there is a significant influence of one dependent variable and more than one independent

variable. The results of the analysis on several regression tests with the dependent variable JCI are shown in table 2 below:

Table 2. Test of Result Regression with Dependent Variables Composite Stock Price Index

Dependent Variable: LY1
Method: Least Squares
Sample (adjusted): 2014M02 2019M12

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.980519	0.190299	5.152517	0.0000
LX1	0.548942	0.058938	9.313834	0.0000
X2	0.011192	0.004494	2.490694	0.0153
LX3	0.013096	0.012764	1.025983	0.3086
LX4	0.046399	0.012829	3.616742	0.0006
R-squared	0.756001	Mean dependent var		3.575775
Adjusted R-squared	0.741214	S.D. dependent var		0.053497
S.E. of regression	0.027214	Akaike info criterion		-4.302328
Sum squared resid	0.048881	Schwarz criterion		-4.142984
Log likelihood	157.7326	Hannan-Quinn criter.		-4.238962
F-statistic	51.12335	Durbin-Watson stat		1.854963
Prob(F-statistic)	0.000000			

Based on Table 1 above, it is known that:

Multiple Regression Equation Results

The multiple regression equation in table 2 above can be formulated as follows:

Lag Y1 = α + b1 lagX1 + b2X2 + b3 lagX3 + b4 lagX4 + e

Y = 0.9805 + 0.5489 lagX1 +0.0111 X2 + 0.0130 lagX3 + 0.0463 lagX4 + e

Information:

Y = Composite Stock Price Index
α = Constant
β1 = Variable Coefficient
X1 = Dow Jones Islamic Market Index
X2 = Foreign Exchange Rate
X3 = foreign investment
X4 = Domestic Investment
ε = Error Term

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The explanation of the regression equation above is:

1. The Value of the JCI, according to the result of the regression equation, is constant 0.9805, so it shows the dependent variable has a constant value of 0.9805.
2. Every increase of one unit the DJIMWI will increase the JCI of 0.5489 units assuming another variable is constant, thus showing the Coefficient Value of the DJIMWI is 0.5489,
3. Every increase in one unit of the Value of Foreign Exchange will increase JCI by 0.0111 units, assuming other variables are constant, thus showing the Foreign Exchange Rate coefficient of 0.0111.
4. Every increase of one unit of the Foreign Investment will increase JCI by 0.0130 units, assuming the other variables are constant, thus showing the value of the Foreign Investment coefficient of 0.0130.
5. Every increase of one unit of the Domestic Investment will increase the Composite Stock Price Index of 0.0463 units, assuming other variables are constant, thus showing the Value of the Domestic Investment coefficient of 0.0463.

F Test (F-Simultaneous Test)

Based on the results of Eviews data analysis in conducting the F test to review whether dependent variables are affected by independent variables together and testing whether there needs to be a change in the model used. So that the data processing results in table 2 above show a significant value of 0.0000 (Sig 0.0000 <0.05), thus showing that the calculation of regression equations can be relied upon or the model used is correct. Hence this means that independent variables can jointly explain dependent variables.

Determination Coefficient Test (R^2)

Based on table 2 above, adjusted R Square is 0.7412, so it can be interpreted that the contribution of variables DJIMWI, Forex, FDI, and Domestic Investment is 74.12%. The remaining 25.88 (100%-74.12%) are independent variables outside the models not analyzed in the study.

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Analysis of Hypothesis Results with the Test of Significance (Probability)

Obtained from the results of the analysis displayed in table 2 above, it is known that:

1. The value of Prob on the DJIMWI as a variable X1 is 0.0000, and the Prob value of 0.0000 <0.05, so H0 is rejected, and Ha is accepted. Thus there is a significant influence of the DJIMWI variable on the variable JCI.
2. The value of Prob on the Foreign Exchange Rate as variable X2 is 0.0153, and the Prob Value of 0.0153<0.05. So H0 is rejected, and Ha is accepted, and thus there is a significant influence between the variable of Foreign Exchange Rate on the variable JCI.
3. The value of Prob on the Foreign Investment as variable X3 is 0, 3086, and the Prob Value of 0.3086> 0.05, so H0 is accepted, and Ha is rejected. Furthermore, thus there is no significant influence between the Foreign Investment variable on the JCI Variable.
4. The value of Prob on the Domestic Investment as variable X4 is 0.0006, and the Prob Value of 0.0006 <0.05, So H0 is rejected, and Ha is accepted. Thus, there is a significant influence between the variable of the Domestic Investment on the variable JCI.

Analysis of Hypothesis Results with t- test

Decision making for rejection or acceptance of the hypothesis with the amount of data 72 and with a significance level of 5%, then the t-table value of 1.6663 is based on the comparison of value computed and *ttabel* values with following criteria:

1. Indications between variables are not influential If t-count <, then H0 is accepted, and Ha is rejected
2. Indications between variables there are influences If t-count >, then H0 is rejected and Ha is accepted

Then the results of the t-test from Table 1 above can be explained as follows:

1. The results of the t-count > t-table (9,313> 1.6663), H0 is rejected and Ha is accepted, so that there is a significant influence between variable X1 to variable Y1, thus there is a significant positive influence between the DJIMWI as a variable X1 against JCI as variable Y1.
2. The results of the t-count > t-table (2.490> 1.6663), H0 is rejected and Ha

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is accepted, so that there is a significant influence between variable X2 to variable Y1, thus there is a significant positive influence between the Foreign Exchange as a variable X2 against JCI as variable Y1.

3. The results of the t-count > t-table (1.025 <1.6663), H0 is accepted and Ha is rejected, so that there is no significant influence between variable X3 to variable Y2, thus there is no significant influence between the Foreign Investment a variable X3 against JCI as variable Y1.
4. The results of the t-count > t-table (3,616> 1.6663), H0 is rejected and Ha is accepted, so that there is a significant influence between variable X4 to variable Y2, thus there is a significant positive influence between the Domestic Investment as a variable X3 against JCI as variable Y1.

Results of Data Analysis on Dependent Variables of Indonesian Sharia Stock Index.

Furthermore, the analysis of multiple linear regression models is used to determine whether there is a significant influence of one dependent variable on more than one independent variable. The results of the analysis on several regression tests with ISSI dependent variables are presented in table 3 below:

Table 3. Results of the Sharia Stock Index Indonesia Dependent Variable Regression Test

Dependent Variable: LY2
Method: Least Squares
Sample (adjusted): 2014M02 2019M12

Variable	Coeficient	Std. Error	t-Statistic	Prob.
C	0.234747	0.177964	1.319068	0.1917
LX1	0.397554	0.067604	5.880600	0.0000
X2	-0.002485	0.004533	-0.548138	0.5854
LX3	0.011749	0.012875	0.912568	0.3648
LX4	0.026965	0.012558	2.147172	0.0355
R-squared	0.495894	Mean dependent var		1.599155
Adjusted R-squared	0.465342	S.D. dependent var		0.037215
S.E. of regression	0.027212	Akaike info criterion		-4.302493
Sum squared resid	0.048873	Schwarz criterion		-4.143149
Log likelihood	157.7385	Hannan-Quinn criter.		-4.239127
F-statistic	16.23118	Durbin-Watson stat		1.809578
Prob(F-statistic)	0.000000			

The Equation Results from the Regression Test with the Dependent Variable the Sharia Stock Index Indonesia on the multiple regression equation in table 3 above can be formulated as follows:

Lag Y2 = α + b1 lagX1 + b2X2 + b3 lagX3 + b4 lagX4 + e

Y = 0.2347 + 0.3975 lagX1 - 0.0024 X2 + 0.0117 lagX3 + 0.0269 lagX4 + e

Information:

Y = Indonesian Sharia Stock Index

α = Constant

β1 = Variable Coefficient

X1 = Dow Jones Islamic Market Index

X2 = Foreign Exchange Rate

X3 = foreign investment

X4 = Domestic Investment

ε = Error Term

The explanation of the regression equation above is:

1. The value of the ISSI according to the result of the regression equation is constant 0.2347, so it shows the dependent variable has a constant value of 0.2347
2. Every increase of one unit the DJIMWI will result in an increase in the ISSI of 0.3975units assuming another variable is constant, thus showing the Coefficient Value of the DJIMWI is 0.3975.
3. Every increase in one unit of the Value of Foreign Exchange will result in an increase in ISSI of -0.0024 units, assuming other variables are constant, thus showing the Foreign Exchange Rate coefficient of -0.0024.
4. Every increase of one unit of the Foreign Investment will result in an increase in ISSI of 0.0177 units, assuming the other variables are constant, thus showing the Value of the Foreign Investment coefficient of 0.0177.
5. Every increase of one unit the Domestic Investment will result in an increase in the Composite Stock Price Index of 0.0269 units, assuming other variables are constant, thus showing the Value of the Domestic Investment coefficient of 0.0269.

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F Test (F-Simultaneous Test)

Based on the results of Eviews data analysis in conducting the F test with the aim to review whether dependent variables are affected by independent variables together as well as testing whether there needs to be a change in the model used. So that the data processing results in table 2 above show a significant value of 0.0000 (Sig 0.0000 <0.05), thus showing that the calculation of regression equations can be relied upon or the model used is corrected, hence this means that dependent variables can jointly be explained by independent variables.

Determination Coefficient Test (R^2)

The purpose of conducting a detemination coefficient analysis is to measure the level of independently variable influence impacting and affecting dependent variables. Based on table 2 above, adjusted R Square is 0.4653, so it can be interpreted that the contribution of variables DJIMWI, Forex, FDI, and Domestic Investment is 53.47%, while the remaining 25.88 (100%-46.53%) are independent variables outside the models not analyzed in the research

Analysis of Hypothesis Results with The Test of Significance (Probability)

Obtained from the results of the analysis displayed in table 2 above it is known that:

1. *The value of Prob on the DJIMWI as a variable X1 is 0.0000, and the Prob value of 0.0000 <0.05, so H0 is rejected and Ha is accepted, thus there is a significant influence of the DJIMWI variable on the variable ISSI.*
2. The value of Prob on the Foreign Exchange Rate as variable X2 is 0.5854, and the Prob Value of 0.5854> 0.05. So H0 is accepted and Ha is rejected. and thus there is no significant influence between the variable of Foreign Exchange Rate on the variable ISSI,
3. The value of Prob on the Foreign Investment as variable X3 is 0, 3086, and the Prob Value of 0.3648> 0.05, so H0 is accepted and Ha is rejected. And thus there is there is no significant influence between the Foreign Investment variable on the ISSI Variable.
4. The value of Prob on the Domestic Investment as variable X4 is 0.0006, and the Prob Value of 0.0355 <0.05, So H0 is rejected and Ha is accepted, and thus there is a significant influence between the variable of the Domestic Investment on the variable ISSI.

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Hypothesis Testing Results with t test

Decision making for rejection or acceptance of the hypothesis with the amount of data 72 and with a significance level of 5%, then the t-table value of 1.6663 is based on the comparison of the value computed and *ttabel* values with following criteria:

1. Indications between variables are not influential. If t-count <, then H0 is accepted, and Ha is rejected.
2. Indications between variables there are influences If t-count >, then H0 is rejected, and Ha is accepted

Then the results of the t-test from Table 1 above can be explained as follows:

1. The results of the t-count > t-table (5.880> 1.6663), H0 is rejected, and Ha is accepted so that there is a significant positive influence between variable X1 to variable Y2. Thus there is a significant positive influence between the DJIMWI as a variable X1 against ISSI as variable Y2.
2. The results of the t-count > t-table ((-0.548 <1.6663), H0 is accepted, and Ha is rejected, so that there is no significant influence between variable X2 to variable Y2. Thus there is no significant influence between the Foreign Exchange as a variable X2 against ISSI as variable Y2.
3. The results of the t-count > t-table (0.912 <1.6663), H0 is accepted, and Ha is rejected, so that there is no significant influence between variable X3 to variable Y2. Thus there is no significant influence between the Foreign Investment as a variable X3 against ISSI as variable Y2.
4. The results of the t-count > t-table (2.147> 1.6663), H0 is rejected, and Ha is accepted, so that there is a significant positive influence between variable X4 to variable Y2. Thus there is a significant positive influence between the Domestic Investment as a variable X3 against ISSI as variable Y2.

Pathway Analysis

Results of Pathway Analysis with Dependent Variables of JCI

The results of the analysis using multiple regressions with dependent variables of the JCI are presented in Table 4 and Figure 2; the following are the results of the presentation of the structural structure I as follow:

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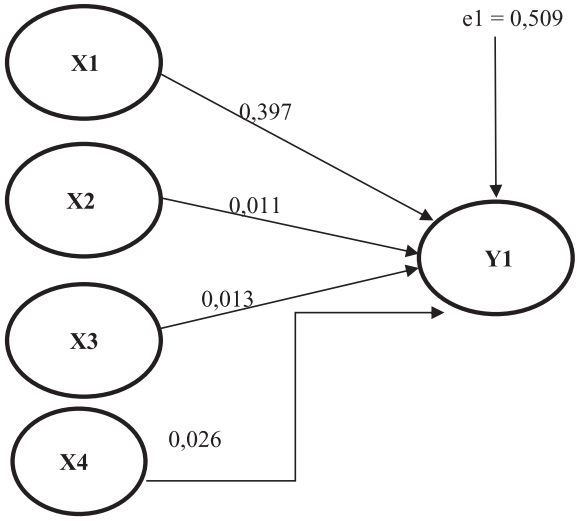
Table 4. Multiple Regression Test Results with Dependent Variables Composite Stock Price Index

Dependent Variable: LY1
Method: Least Squares
Sample (adjusted): 2014M02 2019M12

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.980519	0.190299	5.152517	0.0000
LX1	0.548942	0.058938	9.313834	0.0000
X2	0.011192	0.004494	2.490694	0.0153
LX3	0.013096	0.012764	1.025983	0.3086
LX4	0.046399	0.012829	3.616742	0.0006
R-squared	0.756001	Mean dependent var		3.575775
Adjusted R-squared	0.741214	S.D. dependent var		0.053497
S.E. of regression	0.027214	Akaike info criterion		-4.302328
Sum squared resid	0.048881	Schwarz criterion		-4.142984
Log likelihood	157.7326	Hannan-Quinn criter.		-4.238962
F-statistic	51.12335	Durbin-Watson stat		1.854963
Prob(F-statistic)	0.000000			

Figure 2. Structural Structure I



Based on the figure of the structural structure I and table 4 of regression above, it can be seen that variables X1, X2, and X4 affect Y1. The cause is the

Prob value of each variable < 0.05 and the t-statistical value > t-table. Then the value of the adjusted R square is 0.7412. Thus the contribution of all independent variables is 74.12%. Furthermore, to get the value of e1 obtained using the formula 0.7412, then √ (1-0.7412) = 0.509.

Result of Path Analysis with Dependent Variable of ISSI

The analysis results of multiple regression tests with the dependent variable IISSI are illustrated in table 5 and Figure 3 is a picture of Structural Structure II below:

Table 5. Results of Multiple Regression Test with Dependent Variables of Indonesian Sharia Stock Index

Dependent Variable: LY2
Method: Least Squares
Sample: 2014M01 2019M12

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-1.733562	0.172527	-10.04804	0.0000
LY1	0.970263	0.052049	18.64124	0.0000
LX1	-0.158860	0.036910	-4.303925	0.0001
X2	-0.032864	0.003322	-9.891974	0.0000
LX3	0.020369	0.008594	2.370192	0.0207
LX4	-0.003377	0.010158	-0.332413	0.7406
Adjusted R-squared	0.960624	S.D. dependent var		0.090662
S.E. of regression	0.017990	Akaike info criterion		-5.118296
Sum squared resid	0.021361	Schwarz criterion		-4.928574
Log likelihood	190.2586	Hannan-Quinn criter.		-5.042767
F-statistic	347.4260	Durbin-Watson stat		0.821083
Prob(F-statistic)	0.000000			

Based on the figure of the structural structure II and table 5 of regression above, it can be seen that variables Y1, X1, X2, and X4 affect Y2. The cause is the Prob value of each variable < 0.05 and the t-statistical value > t-table. Then the value of the adjusted R square is 0.9606. Thus the contribution of variable Y1 and all independent variables is 96.06%. Furthermore, to get the value of e2 obtained using the formula 0.9606, then √ (1-0.9606) = 0.198.

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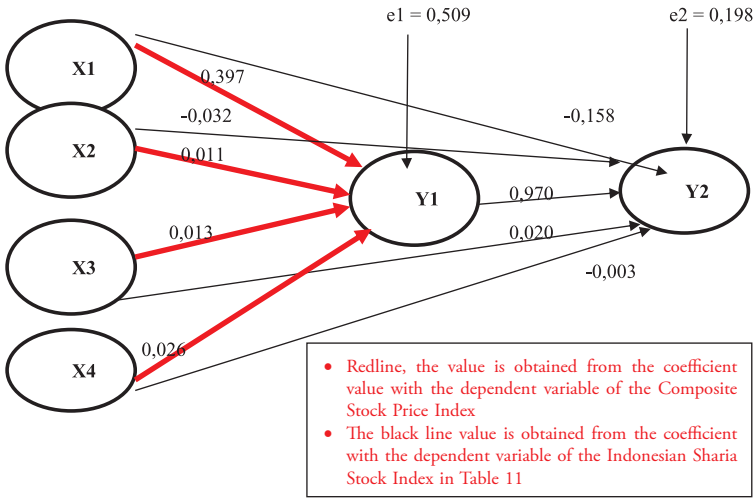
Figure 3. Structural Structure II



Hypothesis Testing from Structural II

The results of the Hypothesis Testing from Structural II can be explained as follows:

Analysis of the Indonesian Composite Stock Price Index (Y1) to the Indonesian Sharia Stock Index (Y2)

There is a significant influence between the Composite Stock Price Index (Y1) variable on the Indonesian Sharia Stock Index (Y2), with a Prob value of 0.000 <0.05. So that there is an influence between the Y1 variable on Y2, or in other words, H0 is rejected and Ha is accepted. Or the t-statistic value 18.641> 1.663.

Analysis of the influence of the Dow Jones Islamic Market World Index (X1) on the Indonesian Sharia Stock Index (Y2) through the Indonesian Composite Stock Price Index (Y1):

It is known that the direct effect that X1 has on Y2 is -0.158. While the indirect effect between X1 through Y1 on Y2 is the multiplication of the beta value X1 to Y1 with the beta value of Y1 to Y2, then: 0.397 * 0.970 = 0.385. Then the total effect given between X1 on Y2 is the direct effect plus the indirect effect, namely: -0.158 + 0.385 = 0.227. Then the direct effect value is -0.158, and the indirect effect is 0.385. So these results indicate indirectly X1 through Y1 has a significant effect on Y2.

Analysis of the effect of the Foreign Exchange Rate (X2) on the Indonesian Sharia Stock Index (Y2) through the Indonesian Composite Stock Price Index (Y1):

It is known that the direct effect that X2 has on Y2 is -0.032. While the indirect effect between X2 through Y1 on Y2 is the multiplication of the beta value of X2 to Y1 with the beta value of Y1 to Y2, then: 0.011 * 0.970 = 0.011. Then the total effect given between X2 and Y2 is the direct and indirect effect, namely: -0.032 + 0.011 = -0.021. Then the direct effect value is -0.032, and the indirect effect is 0.011. So these results indicate that indirectly X2 through Y1 has a significant effect on Y2.

Analysis of the effect of Foreign Investment (X3) on the Indonesian Sharia Stock Index (Y2) through the Indonesian Composite Stock Price Index (Y1):

It is known that the direct effect that X3 has on Y2 is 0.020. While the indirect effect between X3 through Y1 on Y2 is the multiplication of the beta value X3 to Y1 with the beta value of Y1 to Y2, then: 0.013 * 0.970 = 0.013. Then the total effect given between X3 on Y2 is the direct effect plus the indirect effect, namely: 0.020 + 0.013 = 0.033. Then the direct effect value is 0.020, and the indirect effect is 0.013. So these results indicate indirectly X3 through Y1 does not have a significant effect on Y2.

Analysis of the effect of Domestic Investment (X4) on the Indonesian Sharia Stock Index (Y2) through the Indonesian Composite Stock Price Index (Y1):

It is known that the direct effect X4 has on Y2 is -0.003. While the indirect effect between X4 through Y1 on Y2 is the multiplication of the beta value X4 to Y1 with the beta value of Y1 to Y2, then: 0.026 * 0.970 = 0.025. Then the total effect given between X4 on Y2 is the direct effect plus the indirect effect, namely: -0.003 + 0.025 = 0.022. Then the direct effect value is -0.003, and the indirect effect is 0.025. So these results indicate indirectly, X4 through Y1 has a significant effect on Y2.

Based on the results of testing the hypothesis from the results of the pathway analysis above, it can be summarized in table 5 below:

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Table 5. Summary of the Pathway Analysis hypothesis

Variable	Result	Decision
X1 > Y1 > Y2	Indirect Effect> Direct Effect	Any Significant Effect
X2 > Y1 > Y2	Indirect Effect> Direct Effect	Any Significant Effect
X3 > Y1 > Y2	Indirect effect <Direct effect	No significant effect
X4 > Y1 > Y2	Indirect Effect> Direct Effect	No significant effect

Hypothesis Analysis for each Variable

Based on the results of the analysis above, the analysis of the results of the hypothesis between each of the following variables can be explained:

The Dow Jones Islamic Market World Index has an effect on the Indonesian Sharia Stock Index

Based on the results of the Significant Test, there is a significant influence on the Dow Jones Islamic Market Index variable on the Indonesian Sharia Stock Index because the Prob value shows 0.0000, so the value is 0.0000 <0.05. Whereas in the t-test, there is a significant positive effect between the Dow Jones Islamic Market Index (X1) variable on the Indonesian Sharia Stock Index because the t-count> t-table (5.880> 1.6663).

The Dow Jones Islamic Market World Index has an effect on the Composite Stock Price Index

Significant Test results show a significant influence of the Dow Jones Islamic Market Index variable on the Composite Stock Price Index because the Prob value is 0.0000 <0.05. While the test results There is a significant positive effect between the Dow Jones Islamic Market Index variable on the Composite Stock Price Index due to the t-count> t-table (9.313> 1.6663).

The Indonesia Rupiah exchange rate against the USD has an effect on the Indonesian Sharia Stock Index

The Significant Test results show that there is no significant influence of the Foreign Exchange Rate variable on the Indonesian Sharia Stock Index because the Prob value is 0.5854, which shows 0.5854> 0.05, so this shows there is no influence between the two variables. Meanwhile, the results of the t-test also show

that there is no significant influence between the Foreign Exchange Rate variable on the Indonesian Sharia Stock Index because the t-count value <t-table, indicating the value of -0.548 <1.6663, thus showing no effect between the two variables.

The Rupiah exchange rate against the USD affects the Composite Stock Price Index

Based on the results of the Significant Test, it shows that there is a significant effect of the Foreign Exchange Rate variable on the Composite Stock Price Index, because the Prob value is 0.0153, so that the value is 0.0153 <0.05, so there is an influence between the X2 variable on Y. t indicates there is influence significant positive between the Foreign Exchange Rate variable on the Composite Stock Price Index, due to the value of t-count> t-table, as shown by a value of 2.490> 1.6663 so that there is an influence between the variables between the two variables.

Foreign investment affects the Indonesian Sharia Stock Index

Significant test results show no significant influence of the Foreign Investment variable on the Indonesian Sharia Stock Index because the Prob value is 0.3648, so it can be interpreted that the value is 0.3648> 0.05, so this shows there is no influence between the two variables. Furthermore, the t-test results show no significant influence between the Foreign Investment variable on the Indonesian Sharia Stock Index because the t-count <t-table value is evidenced by the t-count value of 0.912. The value is 0.912 <1.6663. Thus there is no influence between the two variables.

Foreign investment affects the Composite Stock Price Index

The significance test results show no significant influence of the Foreign Investment variable on the Composite Stock Price Index because the Prob value is 0.3086, which means that the value is 0.3086> 0.05, so there is no influence between the two variables. Likewise, the test results of the t-test show that there is no significant effect between the Foreign Investment variable on the Composite Stock Price Index because the t-count value <t-table, as shown in the test results of 1.025, which means the spread value is 1.025 <1.6663 so that there is no influence between the two variables.

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Domestic investment affects the Indonesian Sharia Stock Index

Significant Test Results show a significant influence of the Domestic Investment variable on the Indonesian Sharia Stock Index. The Prob value is 0.0355 so that based on this value, it is 0.0355 <0.05, so there is an influence between the two variables. Likewise, the test results on the t-test show that there is a significant positive influence between the Domestic Investment variable on the Indonesian Sharia Stock Index because the t-count> t-table value is 2.147, so that the value is 2.147> 1.6663, this shows there is an influence between these two variables.

Domestic investment affects the Composite Stock Price Index

Based on the results of the Significance Test, there is a significant influence of the Domestic Investment variable on the Composite Stock Price Index, and this is because the value of Prob is equal to 0.0006, which means that the value is 0.0006 <0.05, so there is the influence between these two variables. While the results of the t-test, there is a significant positive effect between the Domestic Investment variable on the Composite Stock Price Index due to the t-value> t-table, which is shown to be 3,616, so that the value is 3,616> 1,6663, thus there is an influence between the two variables.

The Effect of the Composite Stock Price Index has an effect on the Indonesian Sharia Stock Index

The results of the Structural 2 pathway analysis hypothesis testing, there is a significant influence between the Composite Stock Price Index variable on the Indonesian Sharia Stock Index with a Prob value of 0.000, this shows that the value of 0.000 <0.05, and based on the t-statistic value of 18.641, meaning that the value is equal to 18,641> 1,663 so that there is an influence between the two variables.

Dow Jones Islamic Market World Index affects the Indonesian Sharia Stock Index through the Composite Stock Price Index

Based on the analysis of the hypothesis on structure II, it can be seen that indirectly DJIMWI through the Composite Stock Price Index has a significant effect on the Indonesian Sharia Stock Index. This is due to the direct influence given by the DJMWI variable on ISSI is -0.158. However, there is an indirect influence between the DJIMWI through the JCI on the Indonesian Sharia Stock Index. This is indicated by the multiplication of the DJIMWI beta value on the Composite Stock Price Index with the beta value of the Composite Stock Price Index on the

Indonesian Sharia Stock Index, which is 0.397 * 0.970 = 0.385.Then the total effect given between DJMWI and the Indonesian Sharia Stock Index is the direct and indirect effect, namely: -0.158 + 0.385 = 0.227. Then the direct effect value is -0.158, and the indirect effect is 0.385. So that the value of the indirect effect is greater than the value of the direct effect. So these results indicate indirectly that the DJIMWI through the Composite Stock Price Index has a significant influence on the Indonesian Sharia Stock Index.

Foreign Exchange Rates affect the Indonesian Sharia Stock Index through the Composite Stock Price Index

Based on the results of the hypothesis analysis on Structure II analysis, it can be seen that the direct effect of the Foreign Exchange variable on the Indonesian Sharia Stock Index is -0.032. While the indirect effect between the Foreign Exchange Variable through the Composite Stock Price Index on the Indonesian Sharia Stock Index is the multiplication of the beta variable value of Foreign Exchange against the Composite Stock Price Index variable with the value of the beta variable of the Composite Stock Price Index on the variability of the Indonesian Sharia Stock Index, it can be recognized as: 0.011 * 0.970 = 0.011, thus the total effect exerted between Foreign Exchange on the Indonesian Sharia Stock Index is a direct effect plus an indirect effect direct, which is equal to -0.032 + 0.011 = -0.021, then the value of the direct effect is -0.032, and the indirect effect is 0.011. So these results indicate indirectly that the foreign exchange variable through the Composite Stock Price Index has a significant influence on the Indonesian Sharia Stock Index variable.

Foreign investment has an impact on the Indonesian Sharia Stock Index through the Composite Stock Price Index

Based on the results of the hypothesis analysis in Structural II, it can be seen that the direct effect given by the direct investment variable on the Indonesian Sharia Stock Index is 0.020. While the indirect effect between the Foreign Investment variable through the Composite Stock Price Index on the Indonesian Sharia Stock Index is the multiplication of the beta value of the Foreign Investment variable against the Composite Stock Price Index variable with the beta value of the Combined Stock Price Index against the Indonesian Sharia Stock Index, then get a value of 0.013 * 0.970 = 0.013. As well as the total effect given between the Foreign Investment variable on the Indonesian Sharia Stock Index variable is

the direct effect plus the indirect effect, which is 0.020 + 0.013 = 0.033. Thus the direct effect value is 0.020, and the indirect effect is 0.013. So these results indicate that indirect foreign investment through the Composite Stock Price Index does not significantly affect the Indonesian Sharia Stock Index.

Domestic investment affects the Indonesian Sharia Stock Index through the Composite Stock Price Index

Based on the results of the hypothesis analysis in Structural II, it can be seen that the direct effect of the Domestic Investment Variable on the Indonesian Sharia Stock Index variable is -0.003. While the indirect effect between the Domestic Investment variable through the Composite Stock Price Index on the Indonesian Sharia Stock Index variable is the multiplication of the beta value of the Domestic Investment variable on the Composite Stock Price Index with the beta value of the Combined Stock Price Index against the Indonesian Sharia Stock Index, obtaining a value of 0.026 * 0.970 = 0.025. Thus the total effect given between the Domestic Investment variable on the Indonesian Sharia Stock Index is the direct effect plus the indirect effect, namely: -0.003 + 0.025 = 0.022. Thus, the direct effect value is -0.003, and the indirect effect is 0.025. This result indicates that domestic investment indirectly through the Composite Stock Price Index has a significant effect on the Indonesian Sharia Stock Index.

Conclusion

The results of the analysis that has been carried out in this study are based on the Significance Test and the t-test as a whole to get the following conclusions:

1. In testing through regression analysis with the dependent variable, the Composite Stock Price Index shows a significant positive effect of the Dow Jones Islamic Market Index variable on the Composite Stock Price Index. Then there is a positive and significant influence on the Foreign Exchange Rate variable on the Composite Stock Price Index, there is no significant influence of the Foreign Investment variable on the Composite Stock Price Index, and there is a significant positive effect of the Domestic Investment variable on the Composite Stock Price Index.
2. Whereas in testing through regression analysis with the dependent variable of the Indonesian Sharia Stock Index, there is a significant positive influence between the Dow Jones Islamic Market Index variable on the Indonesian Sharia Stock Index, indicating that there is no significant effect of the Foreign

Exchange Rate variable on the Indonesian Sharia Stock Index the significant influence of the Foreign Investment variable on the Indonesian Sharia Stock Index. There is a positive and significant influence of the Domestic Investment variable on the Indonesian Sharia Stock Index.

3. Based on the test results through pathway analysis between 2 dependent variables, the Composite Stock Price Index and the Indonesian Sharia Stock Index, there are the following results:
   a. The significant influence between the Composite Stock Price Index variable on the Indonesian Sharia Stock Index.
   b. Based on the hypothesis analysis, it can be seen that indirectly DJIMWI through the Composite Stock Price Index has a significant effect on the Indonesian Sharia Stock Index.
   c. The results of the hypothesis analysis show that the foreign exchange variable through the Composite Stock Price Index has a significant effect on the Indonesian Sharia Stock Index variable.
   d. The analysis results show that indirect foreign investment through the Composite Stock Price Index does not significantly affect the Indonesian Sharia Stock Index.
   e. The analysis results show that the Domestic Investment through the Composite Stock Price Index has a significant effect on the Indonesian Sharia Stock Index.
4. The coefficient of determination based on the regression test results with the dependent variable of the Composite Stock Price Index, the amount of Adjusted R Square is 0.7412. This indicates that the contribution of the DJIMWI variable, Foreign Exchange Rates, Foreign Investment, and Domestic Investment is 74.12%. The remaining 25.88% (100-74.12) is determined by other factors outside the model that were not detected in the study. Meanwhile, the coefficient of determination based on the regression test results with the dependent variable Sharia Stock Price Index shows that the Adjusted R Square is 0.4653. This indicates that the contribution of the DJIMWI variable, Foreign Exchange Rates, Foreign Investment, and Domestic Investment is 46.53%. The remaining 53.47% (100-46.53) is determined by other factors outside the model that were not detected in the study.
5. Regarding the Coefficient of Determination (R2) in the results of previous research on the effect of Inflation Analysis, Interest Rates, the Malaysian Sharia Dow Jones Index, and Profitability on Stock Prices indexed as the Indonesian

Sharia Stock Index, the amount of Adjusted R Square is 0.006, and that means it is also that the level of influence of the variables under study is only 0.06%, so the current research shows that other variables or variables being studied at this time prove that the contribution of all variables in research is relatively high, reaching 74.12% in the dependent variable Stock Price Index Combined and 46.53% on the dependent variable ISSI.

Suggestions and Recommendations

This study still has many shortcomings, and there is still a gap between 25.88% to 53.47%. Other factors that affect the movement of stock prices as a whole, both as Islamic issuers and conventional issuers in general, further research needs to be done with independent variables that have not been studied either in current research or previous research, with the latest and latest developments and up to date research period.

Acknowledgement

Those are the conclusions and suggestions from the results of this study; hopefully, they have beneficial values for stakeholders related to investment through the capital market, both investment in shares traded on the Stock Exchange in general and direct investment. Furthermore, the results of this study can add journals and literature both for the continuity of education and literature both nationally and internationally.

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