

**THE IMPACT OF MACROECONOMIC INDICATORS TO STOCK
MARKET PERFORMANCE. THE CASE OF INDONESIA AND
MALAYSIA STOCK MARKET**

THESIS

**Presented as Partial Fulfillment of the Requirement for the Degree of
Sarjana Ekonomi (S1) in International Business Management Program
Faculty of Economics Universitas Atma Jaya Yogyakarta**



Compiled by :

Marceline Adella Violeta

Student ID Number : 12 12 19718

**FACULTY OF ECONOMICS
UNIVERSITAS ATMA JAYA YOGYAKARTA
JUNE 2016**

Faculty of Economics

Universitas Atma Jaya Yogyakarta

I hereby recommended that the thesis prepared under my supervision :

Written by :
Marceline Adella Violeta

Student ID number : 12 12 19718

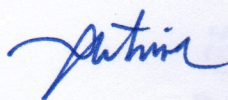
Thesis entitled

**THE IMPACT OF MACROECONOMIC INDICATORS TO STOCK
MARKET PERFORMANCE. THE CASE OF INDONESIA AND
MALAYSIA STOCK MARKET**

**Be accepted in partial fulfillment of requirement for the Degree of Sarjana
Ekonomi (S1) in International Business Management Program Faculty of
Economics, Universitas Atma Jaya Yogyakarta**

Advisor

Date



A. Jatmiko Wibowo, S.E., SIP., MSF.

June 15th, 2016

This is to certify that the thesis entitled
THE IMPACT OF MACROECONOMIC INDICATORS TO STOCK
MARKET PERFORMANCE. THE CASE OF INDONESIA AND
MALAYSIA STOCK MARKET.

Written by :

Marceline Adella Violeta

Student ID Number : 12 12 19718

has been defended and accepted on July 22th, 2016 towards fulfillment of the
requirement for the Degree of sarjana Ekonomi (S1) in International
Business Management Program Faculty of Economics,
Universitas Atma Jaya Yogyakarta

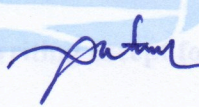
Examination Committee

Chairman



Dr. C. Handoyo W., MM.

Member



A. Jatmiko Wibowo, SE., SIP., MSF.



Drs. Felix Wisnu I., MBA

Yogyakarta, July 22th, 2016

Dean of Faculty of Economics
Universitas Atma Jaya Yogyakarta



FAKULTAS
EKONOMI

Budi Suprpto, MBA, Ph.D

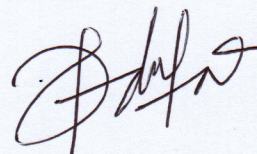
AUTHENTICITY ACKNOWLEDGEMENT

I, Marceline Adella Violeta, hereby declare that I compiled the thesis with the following title :

**THE IMPACT OF MACROECONOMIC INDICATORS TO STOCK
MARKET PERFORMANCE. THE CASE OF INDONESIA AND
MALAYSIA STOCK MARKET**

Is really my own thinking and writing, I fully knowledge that my writings does not contain others' or part(s) of others' writing except for thos that have been cited and mentioned in references

Yogyakarta, June 10th, 2016



Marceline Adella Violeta

AKNOWLEDGEMENT

First, I praise the Lord, Jesus Christ, and St. Mary; for all blessing, love, guidance, and opportunity so I can finish my study in Universitas Atma Jaya Yogyakarta and I can finish this thesis as the requirement for the Degree of Sarjana Ekonomi in International Business Management Program Faculty of Economics.

In the writing process, I faced some obstacles, but because of people around me who gave support, advice, and so on, I was able to finish my thesis. In this chance, I would like to deliver appreciation and gratitude for the following people who contributed and encourage me in making this thesis :

1. My parents (Bapak Antonius Kunta and Ibu Ch.M. Prasetyowati), my brother (Marcelino Adiska Megantara), through their pray and support, I could finish my thesis. Mama, thankyou for never tired to remind me to focus on my target.
2. Mr. Alexander Jatmiko Wibowo as my supervisor, thankyou Sir, for your time and patience in guiding me. Thankyou for your help and understanding in my rushing time that I have to graduate as soon as possible. May God bless you, Sir.
3. My life partner that soon will be my husband, Fransisko Pandiangan, thanks for being my thesis superhero. Thankyou for everything dear, this is for you. May God lead us and bless our plans, till the day according His time. I love you.

4. My unbiological brothers, Dionisius Lintang Umboro and Bonifasius Dian, thank you for always support, and teach me how to be great persons like you. Thankyou for these 4 years brotherhood. See you on top guys !
5. My dekanat team, Sanri, Mas Dian, Bastian. Thankyou for the time we spent together, thankyou for the struggle we face together, thankyou for our togetherness. We did it guys, target accomplished.
6. My IBMP 2012 friends, especially Anne and Hany. Thanks for being my crazy classmates. Thanks for introducing me to the real “youth world”, at least I know what naughty means. You’re all awesome !!

Thankyou for all the support, this research study could not be done without all of you. God bless you.

Love,

Marceline Adella Violeta

TABLE OF CONTENT

Thesis Approval.....	ii
Authenticity Acknowledgement.....	iii
Acknowledgement.....	iv
Table of Content.....	vi
List of Table.....	ix
List of Appendix.....	xi
Abstract.....	xii
Chapter I : Introduction	
1.1 Background of the Research.....	1
1.2 Problem Statement.....	4
1.3 Scope of the Study.....	4
1.4 Objective of the Research.....	5
1.5 Benefits of the Research.....	5
1.6 Originality of the Writing.....	6
1.7 Writing Structure.....	6
Chapter II : Theoretical Background	
2.1 Literature Review.....	8
2.1.1 Macroeconomic Indicators.....	8
2.1.1.1 Gross Domestic Product.....	9
2.1.1.2 Inflation.....	10

2.1.1.3 Interest Rate.....	10
2.1.2 Stock Market Performance.....	12
2.1.2.1 Market Liquidity.....	12
2.1.2.2 Market Capitalization.....	13
2.1.2.3 Market Return.....	13
2.1.3 Relation Between Economic Condition and Capital Market.....	14
2.2 Review on Previous Research.....	14
2.3 Hypothesis Development.....	18
Chapter III : Research Methodology	
3.1 Population and Sample.....	20
3.2 Type of Data and Data Gathering.....	20
3.3 Research Variables.....	21
3.3.1 Independent Variables.....	21
3.3.2 Dependent Variables.....	22
3.3.3 Variables Measurement.....	22
3.4 Method of Analysis.....	24
Chapter IV : Data Analysis and Discussion	
4.1 Descriptive Statistic.....	30
4.2 Classical Assumption Testing.....	33
4.3 Hypothesis Testing.....	41
4.3.1 Multiple Regression Analysis.....	41
4.3.2 Hypothesis Analysis.....	47

4.4 Discussion of Hypothesis Testing.....	50
---	----

Chapter V : Conclusion

5.1 Conclusion.....	55
---------------------	----

5.2 Managerial Implication.....	56
---------------------------------	----

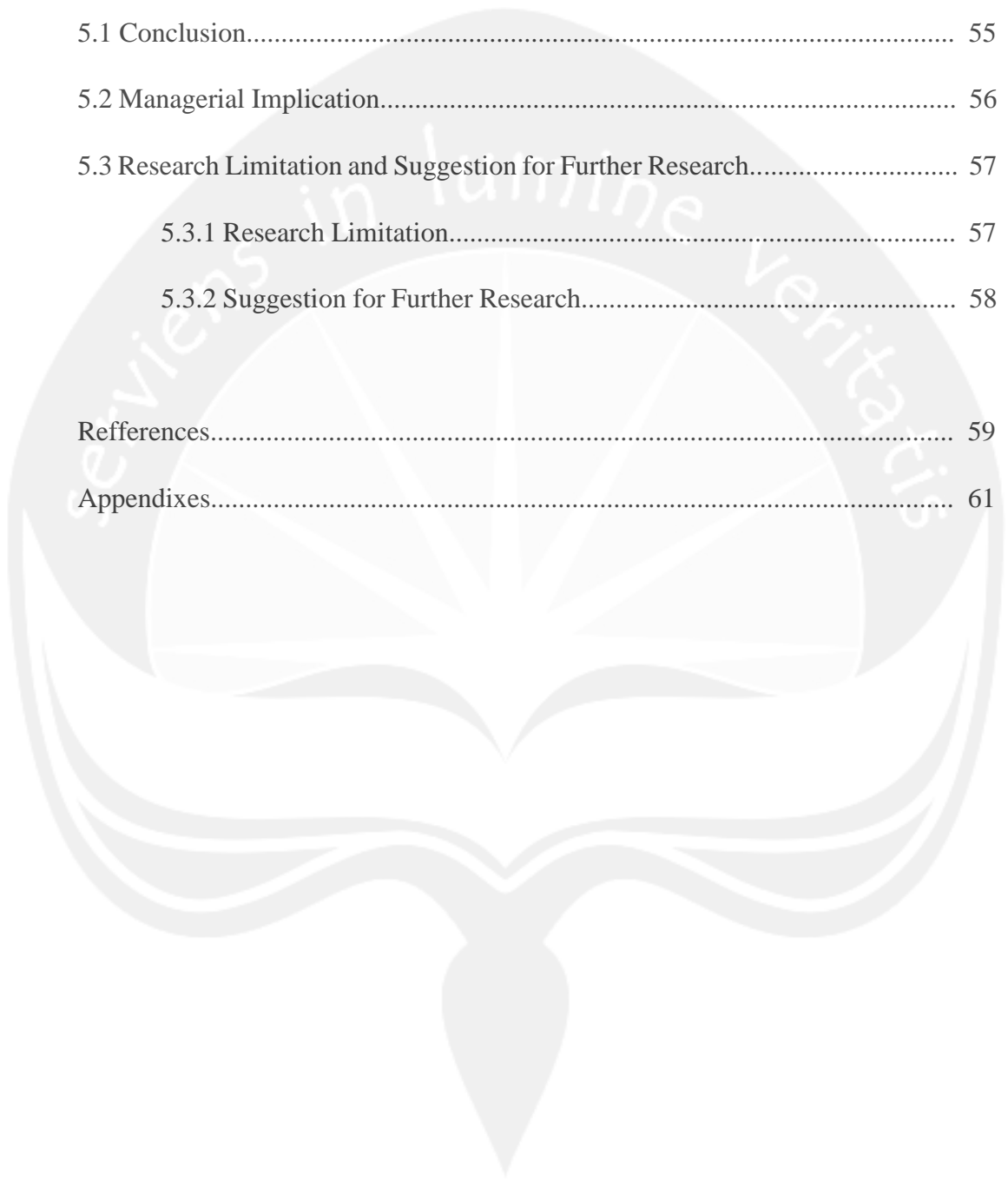
5.3 Research Limitation and Suggestion for Further Research.....	57
--	----

5.3.1 Research Limitation.....	57
--------------------------------	----

5.3.2 Suggestion for Further Research.....	58
--	----

Refferences.....	59
------------------	----

Appendixes.....	61
-----------------	----



LIST OF TABLE

Table 1	Summary of Previous Researches.....	17
Table 2	Descriptive Statistic Table of Dependent Variables.....	31
Table 3	Descriptive Statistic Table of Independent Variables.....	32
Table 4	Heteroscedasticity Test result for Indonesia Market Liquidity.....	33
Table 5	Heteroscedasticity Test result for Indonesia Market Cap.....	34
Table 6	Heteroscedasticity Test result for Indonesia Market Return.....	34
Table 7	Heteroscedasticity Test result for Malaysia Market Liquidity.....	35
Table 8	Heteroscedasticity Test result for Malaysia Market Cap.....	35
Table 9	Heteroscedasticity Test result for Malaysia Market Return.....	36
Table 10	Multicollinearity Test result for Indonesia Market Liquidity.....	36
Table 11	Multicollinearity Test result for Indonesia Market Cap.....	37
Table 12	Multicollinearity Test result for Indonesia Market Return.....	37
Table 13	Multicollinearity Test result for Malaysia Market Liquidity.....	37
Table 14	Multicollinearity Test result for Malaysia Market Cap.....	38
Table 15	Multicollinearity Test result for Malaysia Market Return.....	38
Table 16	Autocorrelation Test result for Indonesia Market Liquidity.....	39
Table 17	Autocorrelation Test result for Indonesia Market Cap.....	40
Table 18	Autocorrelation Test result for Indonesia Market Return.....	40
Table 19	Autocorrelation Test result for Malaysia Market Liquidity, Market Capitalization, and Market Return.....	41

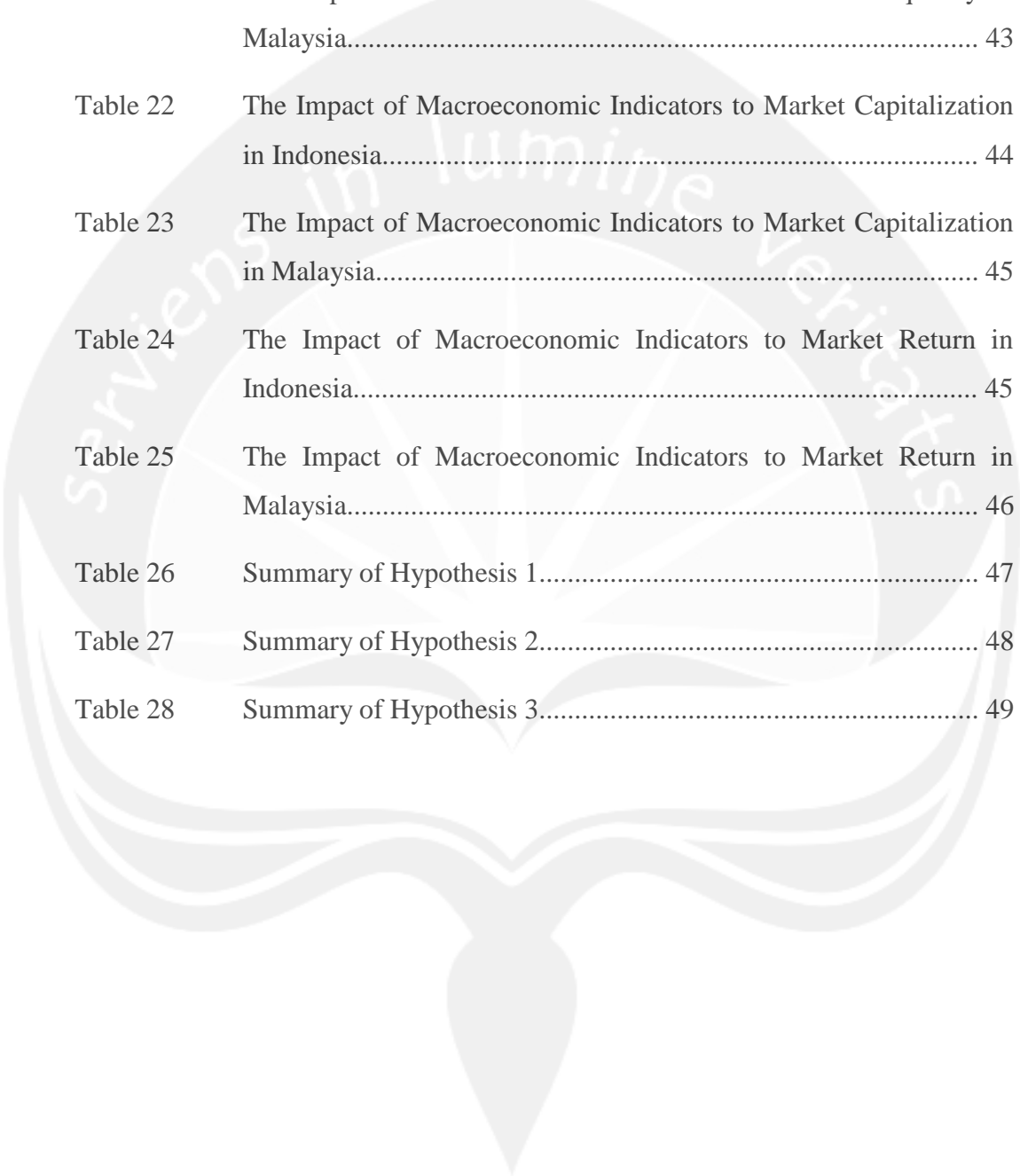


Table 20	The Impact of Macroeconomic Indicators to Market Liquidity in Indonesia.....	42
Table 21	The Impact of Macroeconomic Indicators to Market Liquidity in Malaysia.....	43
Table 22	The Impact of Macroeconomic Indicators to Market Capitalization in Indonesia.....	44
Table 23	The Impact of Macroeconomic Indicators to Market Capitalization in Malaysia.....	45
Table 24	The Impact of Macroeconomic Indicators to Market Return in Indonesia.....	45
Table 25	The Impact of Macroeconomic Indicators to Market Return in Malaysia.....	46
Table 26	Summary of Hypothesis 1.....	47
Table 27	Summary of Hypothesis 2.....	48
Table 28	Summary of Hypothesis 3.....	49

LIST OF APPENDIX

Appendix 1 : Time Series Data of Dependent Variables.....	61
Appendix 2 : Time Series Data of Independent Variables.....	71
Appendix 3 : Descriptive Statistic.....	82
Appendix 4 : Heteroscedasticity Test Results.....	84
Appendix 5 : Multicollinearity Test Results.....	88
Appendix 6 : Autocorrelation Test Results.....	90
Appendix 7 : Multiple Regression Results.....	94

THE IMPACT OF MACROECONOMIC INDICATORS TO STOCK MARKET PERFORMANCE. THE CASE OF INDONESIA AND MALAYSIA STOCK MARKET

Compiled by :

Marceline Adella Violeta

Student ID Number : 12 12 19718

Supervisor :

A. Jatmiko Wibowo, S.E., SIP., MSF.

ABSTRACT

The purpose of this research is to examine the impact of macroeconomic indicators to stock market performance in case of Indonesia and Malaysia period of January 2006 to December 2015. Macroeconomic indicators that used are gross domestic product growth rate, inflation rate, and interest rate. The proxies of stock market performance are stock market liquidity, market capitalization, and stock market return. Indonesia stock market represented by JKSE and Malaysia represented by KLSE. This research employs Multiple Regression analysis by using backward elimination method. By using classical assumption for least square, all the data are free from heteroscedasticity, autocorrelation, and multicollinearity. Regression result showed that Gross domestic product growth rate have no impact to all proxy of stock market performance. Inflation rate have negative impact to several proxies of stock market performance, which are market capitalization and market return in Indonesia and market capitalization in Malaysia. While interest rate have no impact to all proxy of stock market performance.

Keywords: Macroeconomic indicators, Stock market performance, Multiple regression, Backward elimination.