THE ANALYSIS OF THE INTEREST LEVEL, INFLATION, LIQUIDITY, EXCHANGE RATE, AND FINANCIAL WHICH INFLUENCE SHARE IN INDONESIAN STOCK EXCHANCE

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Abstract: to gain an optimal share profit is the main aim of an investor in dealing with infestations in a company's share. To reach the aim, surely an investor should act selectively in evaluating several potentials of a company; one of these is the level of interest, inflation, liquidity, and exchange rate and financial. The aims of this study are: firstly, to know and to analyze whether the level of interest influences the share profit in Indonesian Exchange Stock in banking sectors in the year of 2010 -2012. Secondly, to know or to analyze whether inflation will influence the share profits in Indonesia Exchange Stock in banking sector in year 2010-2012.Thirdly, to know and to analyze the liquidity which will influence the share in Indonesian Exchange Stock in banking sector in the period of 2010-2012. Fourthly, to know and to analyze the exchange rate which will influence the share in Indonesian Exchange Stock in banking sector in the period of 2010-2012? Fifthly, to know and to analyze the financial which will influence the share in Indonesian Exchange Stock in banking sector in the period of 2010-2012.Finally, to know and to analyze whether the inflation, liquidity, exchange rate will influence the share in Indonesian Exchange Stock in banking sector in the period of 2010-2012.

Keywords- level of interest, inflation, liquidity, exchange rate, financial, share profits.

I.   BACKGROUND

A company is a place to produce a product. Therefore, if there are more companies exist, it will become factors to push to do investment either in the form of share or valuable letters. A person who invests share is called an investor. There are many people buy share when the share price is turning down, and the share is sold when the price is up. There are also people who have money and then buy the share in stock exchange with their money and sell them back when the share's price is up. This is done by the investor in order to look for profits.

Return is a basic measurement of low and high investor in investing share in a company. It means that the higher return the investor got, the higher he invests in a company and vice versa. The description of return can be seen from the condition of market capital which is as a means of getting money for financing investment for an emitter. The location of investing an emitter is stock exchange. The following is the condition of return share or the benefits of Indonesian Stock Exchange from year 2011 up to 2012:

No	Kode Saham	Return (%)		
		2010	**2011**	**2012**
1	AALI	15	-17	-9
2	ABBA	375	-58	-33
3	ABDA	73	48	138
4	ACES	95	39	100
5	ADES	153	-38	90
6	ADHI	122	-36	203
7	ADMF	75	6	-23
8	ADMG	60	170	-37
9	ADRO	47	-31	-10
10	AGRO	19	-30	25

The condition of share profit or return of share in Indonesian Stock Exchange is stated in the form of graphic as follows:
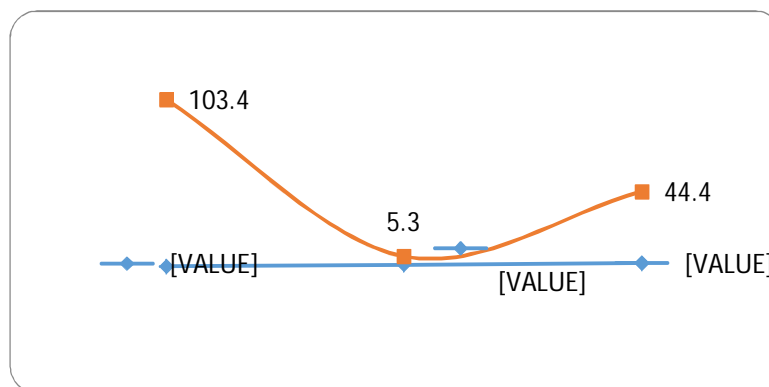
In the year 2011, the share profit decreased significantly if it is compared to year 2010. This shows that the share profits got by the investors decreased more, so the investors of emitter share in stock exchange increased excellently. This can make investors invest their share to designated emitter, but if the share is up and down it will make the investors worry to invest in the stock exchange, and as a result it will influence to the company such as the unmaximum company performance to reach its aims.

To get the share profits optimally is the aim of an investor in doing the investment in a company. In order to get it, surely an investor should be more selective in evaluating some company's potentials, one of them is level of interest, inflation, liquidity, exchange rate, and financial.

Riantani and Maria Tambunan (2013) state that the level of high inflation causes the price of goods rise up and this leads the purchasing power of society decreases. This will make the investors have no interests to invest and as a result the price of share is down [1]

According to Kewal (2012), a rate of exchange or exchange rate is macro economy variable which influence volatility of share price. Depreciation of currency will increase the export volume. If the international market demand is elastic enough this will increase cash flow of domestic company and then it can also increase share price which can be seen from ISHG. On the other hand, if emitter buys home products, and has debts in the form of dollars so his share will decrease. Depreciation of a rate of exchange will increase the share price which can be seen from ISHG [2].

Financial is one of company's decisions in financing its capital. If the company's finance is higher, the lower profits will the company have. Based on the explanation of the above background, the researcher forms the following questions, namely:

1. Will the interest level influence the share profits in Indonesian Stock Exchange in the banking sector in the period of 2010-2012?
2. Will the inflation influence the share profits in Indonesian Stock Exchange in the banking sector in the period of 2010-2012?
3. Will the liquidity influence the share profits in Indonesian Stock Exchange in the banking sector in the period of 2010-2012?
4. Will the currency influence the share profits in Indonesian Stock Exchange in the banking sector in the period of 2010-2012?
5. Will the financial influence the share profits in Indonesian Stock Exchange in the banking sector in the period of 2010-2012?
6. Will the inflation, liquidity, exchange rate, and financial influence the share profits in Indonesian Stock Exchange in the banking sector in the period of 2010-2012.

II.   II.LITERATURE RIVIEW AND HYPOTHESIS DEVELOPMENT

A.   Share Profit

According to Samsul (2006:291), return is an income which is stated in percentage from the first investment capital. The investment capital in a share is the profit which is gained by buying and selling share and the profit itself is called *capital gain* and the lost is called *capital loss* [4].

B.   Interest Level

According to Zubir (2011), the theory of interest level can be divided into 5 (5) pars, namely:

a.   Pure Exception Theory

According to Pure Exception Theory, the interest level shows an agent's hope in the future. If the interest level increases it means that the level of interest will rise up in a short time. If the level of interest decreases it means that the market is hoped that the interest rate will go down in a short term. Therefore, high level of interest in a period is determined by the market agent's hope toward the level rate in the period.

b.   Liquidity Premium Theory

Liquidity Premium Theory states that an investor will hold long term investments if the return of investment is bigger than the average return. Thus, the investor is given liquidity premium for taking the risks.

c.   Preferred Habitat Theory

Preferred Theory is almost similar to the Liquidity Theory with investment rate. The background of this study is assuming that investor will choose the investment based on his age and obligation to pay in order to reduce risks.

d.   Segmented Market Theory

This theory admits that an investor has a preference investment which is determined by the obligation form that should be fulfilled. If the investor has a short term obligation fulfilled so the obligation should be chosen is long term one and vice versa.

e.   Term Structure and Coupon Bond

In the theory of Term Structure and Coupon Bond, the term structure for obligation pays coupon can be seen as a portfolio which consists of some *pure discount pure,* the price of obligation portfolio is the same with the total price of those three obligations [5].

C.   Inflation

Inflation generally and continuously tends to increase prices. The increase of one or two goods cannot be said inflation except it causes the other goods rise up (www.bi.go.id).   According o Boediono and Djohanputro in Kuncoro (2015:45), inflation tends generally and continuously to increase the price of goods and services [6].

According to Fahmi (2012) inflation can be divided into two based on appeared area, namely:

1.   Domestic Inflation

Domestic Inflation happens because of the situation and condition factors happen in home country such as the government policy in publishing deregulation which can influence price. For instance, the government takes a policy in order to increase the price of gasoline, diesel fuel, and liquid propane gas in order to make effects on the increase of the price as a whole.

2.   Imported Inflation

Imported Inflation is caused by the situation and condition factors happen in a foreign country such as the happening of economy fluctuation in the United States which influenced much on the increasing price of many kinds of goods. If a financial has high level of interdependency on foreign economy especially if one country lacks of the ability to produce such kind of goods when inflation happens, one of its effects will happen in the increasing price compared the previous time [7].

D.   Liquidity

Fahmi (2011:1210) notes that liquidity is a description one's ability of company in fulfilling its short term obligation financially and accurately. Therefore, it is always called a short term liquidity [8]. Related to this, Kasmir (2012:110) describes that liquidity is a ratio which shows the ability of one's company to pay all its short term debts because of due date or ratio to know the ability of a company in financing and fulfilling the obligation when it is asked for [9]. According Harahap (2013:30), liquidity ratio describes the ability of a company to overcome its short term obligation [10]. The indicators used to measure the liquidity are by using Current Ratio. Current ratio is a

means of measuring the company's ability in fulfilling its short term financial obligations as a means of measuring the company's ability in fulfilling its short term financial obligation (Sunyoto, 2013:101) [11] From the explanation, the formulation of the current ratio is as follows:

$$CR = \frac{Current\ Assets}{Current\ Liabilities} \times 100\ \%$$

E.   Exchange Rate

According to Sartono (2001:54), there are two kinds of exchange rate which influence business transaction, namely:

   a.   Nominal Exchange Rate

   Nominal Exchange Rate is a rate used by someone when exchanging one's country currency to other foreign currencies. The changing of Nominal Exchange Rate will cause the changing of the price; however, its changing will not influence the position of relative competitiveness among domestic companies with foreign competitors and it will not influence the money supply of the company.

   b.   Real Exchange Rate

   Real Exchange Rate is a rate used by someone while exchanging goods and services from one's country to foreign goods and services. The changing in Real Exchange Rate causes the changing of relative prices (that is the comparative changing between the prices of domestic goods with the prices of foreign relative goods. Therefore, the changing causes the competitiveness of domestic goods and finally it influences in the current of money supply of the company [12].

   According to Sinaga (2013: 33-34) the exchange rate is a rate which shows the total number currency of home country which is needed to get a unit of foreign currency. The exchange rate of foreign currency is influenced by requesting and bargaining for goods which are traded in several countries and the current of short and long term financial capital. If the currency rate of home country increases and compared to other foreign currencies, it is called an appreciation of currency. However, on the contrary, if the currency of home country decreases its rate, so this situation is called depreciation of currency [13].

F.   Financial

Financial is one of decisions of a company in funding its financial capital. If the finance of the company is higher, its profit will lower.

III.   THE RESEARCH METHODOLOGY

This research is a correlation research which means to describe the correlation between variables of the research .It also uses secondary data such as the related documents and financial reports of the company. The samples data are taken from www.idx.co.id of Indonesian Exchange Stock with

yearly financial reports in the period of 2010-2012. The population of this research is all the registered companies in Indonesian Exchange Stock Indonesian Exchange Stock.

a.   The companies which are registered in Indonesian Exchange Stock from year 2010 up to 2012.

b.   The companies which had profits or had profits from year 2010 up to 2012.

The technique of collecting data of this research uses documentation study that is by downloading the financial reports of Indonesian Exchange Stock as samples. The data analysis consists of two descriptive analysis and statical analysis (double linear regressive analysis). Descriptive analysis means giving descriptive of mean scores, maximum and minimum deviation standard.

a.   **Classical Assumption Test**

According to Ghozali (2011), Classical Assumption Test is the important requirement in analyzing regression. Therefore, there should be classical assumption test before doing the regression analysis especially doubles linear regression which consists of:

- **Normality Test**

    Normality Test is carried out with its aim to test whether in regression model, the disturbance variable or residual has normal distribution (Ghozali 2011). There are two techniques to detect that is by using graphics analysis (*scatterplot*), and statical analysis (Kolmogrov-Smirnov).

- **Heterokedasticity Test**

    Heterokedastity Test aims to test whether in the regression model take places different variance from residual of one observation to other observations. To see or to detect whether the heterokedastisity take places in this study. The researcher uses scatterplot graphic and Glejser test.

- **Multicolinearity   Test**

    Multicolinearity Test aims to test whether in the regression model can be found the correlation between free variables. To detect the Multicolinearity Test takes place can be done by seeing the tolerance and variance inflation factor, by assuming:

    If tolerance > 0, 1 and VIF < 10, so there will be no indications of multicolinearity takes place.

    If tolerance < 0, 1 and VIF > 10, so there will take place the indications of multicolinearity.

- **Autocorrelation Test**

    Autocorrelation Test aims to test whether the double linear regression model has a correlation between the mistake of interference in the period of t-1 and the mistake of interference in the previous period of t-1.

b.   **Double Linear Regression Test**

Double Linear Regression Test consists of determination coefficient (R2), collective test (F-test, individual test (t-Test), namely:

- **Determination Coefficient (R2)**

    Determination Coefficient functions as to see how far the ability of model can describe the dependent variables.

- **Collective Test (F-Test)**

   Collective Test (F-Test)is to see whether the interest rate, inflation, liquidity, exchange rate, and finance influence collectively on the share profits in Indonesian Exchange Stock with its formulation hypothesis as follows :

   a. H_0: b_1, b_2, b_3, $b_4 = 0$ (the interest rate, inflation, liquidity, exchange rate, and finance do not influence collectively on the share profits in Indonesian Exchange Stock).

   b. H_1: b_1, b_2, b_3, $b_4 \neq 0$ (the interest rate, inflation, liquidity, exchange rate, and finance influence collectively on the share profits in Indonesian Exchange Stock).

   By the deciding the criteria on F-test it is found that:

   - F calculation is $\leq$ F table, so H0 and H1 are rejected in alpha 5%
   - F calculation is $>$ F table, so H0 and H1 are rejected in alpha 5%

C.   Individual Test (t-Test)

Individual Test or partial test is to test whether inflation, liquidity, exchange rate, and financial influence individually on the share profits in Indonesian Exchange Stock, by following hypothesis formulation:

   a. H_0: b_1, b_2, b_3, $b_4 = 0$ (the interest rate, inflation, liquidity, exchange rate, and finance do not influence collectively on the share profits in Indonesian Exchange Stock).

   b. H_1: b_1, b_2, b_3, $b_4 \neq 0$ (the interest rate, inflation, liquidity, exchange rate, and finance influence collectively on the share profits in Indonesian Exchange Stock).

   By tested criteria of t-Test is as follows:

   - F calculation is $\leq$ F table, so H0 and H1 are rejected in alpha 5%
   - F calculation is $>$ F table, so H0 and H1 are rejected in alpha 5%

IV. THE HYPOTHESIS TEST

1.   Normality Test

There are two techniques to detect whether the distribution data is normal or not that is by using graphic analysis (scatterplot), and statistical analysis (Kolmogrov-Smirgrov). The following is the result of classical assumption test based on normality test by using Kolmogrov-Smirgrov.

Tabel 5.1
Uji *Kolmogorov Smirnov*

One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		237
Normal Parameters [a,b]	Mean	.0000000
	Std. Deviation	.84676555
Most Extreme Differences	Absolute	.195
	Positive	.195
	Negative	-.149
Kolmogorov-Smirnov Z		3.005
Asymp. Sig. (2-tailed)		.000

a. Test distribution is Normal.

b. Calculated from data.

Based on table 5.1, it can be seen that score of Asympg. Sig, it shows that score of Sig is over 0.05 or is under 5%.This shows that the data does not distribute normally. Therefore, the researcher does natural logarithm or Ln in all variables in this study.   The following is the result of normality test after the natural logarithm or Ln:

Tabel 5.2

One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		232
Normal Parameters [a,b]	Mean	.0000000
	Std. Deviation	1.14036768
Most Extreme Differences	Absolute	.079
	Positive	.032
	Negative	-.079
Kolmogorov-Smirnov Z		1.201
Asymp. Sig. (2-tailed)		.112

a. Test distribution is Normal.

b. Calculated from data.

Based on table 5.2, it can be seen that the score of Asympg. Sig (2-tailed) is over 0, 05 that is 0.112. It shows that the data distributes is normal.

2.   Heterokedastisity Test

To see or to detect the happening of   heterokedatisity in this study, the researcher uses scatterplot graphic. The test result of heterokedastisity by using Glejser Test is as follows:

Tabel 5.3
Uji Glejser

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	55.015	41.002		1.342	.181
	Ln	-.173	.158	-.105	-1.097	.274
	LnIflsi	-2.410	1.714	-.450	-1.406	.161
	LnLdts	.003	.027	.008	.120	.904
	LnN.Tkr	-6.776	5.055	-.392	-1.340	.181
	LnFsl	.001	.010	.010	.153	.878

a. Dependent Variable: Absut

Based on table 5.3, it shows that score of Sig is over 0.05. This shows that there is no indication of Heterokedastisity happens in this study.

3. Multicolinearity Test

Multicolinearity Test aims to test whether in regression model is found a correlation among free variables. To detect the happening of multicolinearity we can see tolerance and variance inflation factor, by assuming:

Tabel 5.4
Uji Multikolinieritas

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	-79.564	64.416		-1.235	.218		
	Ln	.426	.248	.160	1.717	.087	.482	2.075
	LnIflsi	1.852	2.693	.215	.688	.492	.043	23.398
	LnLdts	-.048	.043	-.073	-1.120	.264	.991	1.009
	LnN.Tkr	9.305	7.942	.334	1.172	.243	.051	19.490
	LnFsl	.013	.015	.055	.852	.395	.997	1.003

a. Dependent Variable: LnK.Saham

Based on table 5.4 in Multicolinearity Test it is found that the score of *tolerance* has variables which is under 0,05 and VIF score has variables is over 10, so it can be indicated that there is multicolinearity. Based on the indication of multicolinearity, the researcher dropped disturbance variables which caused the happening of multicolinearity by dropping inflas variables. The following is the result of Multicolinearity Test after disturbance variables are dropped.

Tabel 5.5

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	-37.088	18.297		-2.027	.044		
	Ln	.316	.189	.118	1.671	.096	.830	1.204
	LnLdts	-.048	.043	-.072	-1.119	.264	.991	1.009
	LnN.Tkr	4.014	1.972	.144	2.036	.043	.831	1.204
	LnFsl	.013	.015	.054	.843	.400	.998	1.002

a. Dependent Variable: LnK.Saham

Based on table 5.5 in Multicolinearity Test, there are no indications of multicolinearity in this study.

4. Autocorrelation Test

Autocorrelation Test aims to test whether the linear regression model found has a correlation between disturbances, mistake in t-period. The following is the result of autocorrelation test in his study:

Tabel 5.6
Uji Autokorelasi

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.243[a]	.059	.038	1.15291	2.049

a. Predictors: (Constant), LnIflsi, LnFsl, LnLdts, Ln, LnN.Tkr

b. Dependent Variable: LnK.Saham

Based on the DW score which is .049, it can be concluded that there is an indication of autocorrelation in this study. After passing the classical assumption test, the researcher carried out double linear regression test which consists of determination coefficient (R2), collective test (F-Test), and individual test (t-Test)

a. Determination Coefficient (R^2)

Determination Coefficient functions to see how far the ability of model in describing the depended variables.

Tabel 5.7
Koefisien Determinasi

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.243[a]	.059	.038	1.15291	2.049

a. Predictors: (Constant), LnIflsi, LnFsl, LnLdts, Ln, LnN.Tkr

b. Dependent Variable: LnK.Saham

Based on Table 5.7, the R-Square is 0,059 or 5, 9%. This shows that exchange rate ,interest level, liquidity, inflation and financial can only describe variables of share profits that is 5,9% , while the its rest is out this study.

b.   **Collective Test (F-Test)**

Collective Test (F-Test) is to test whether exchange rate ,interest level, liquidity, inflation and financial influence collectively to the share profits in Indonesian Stock Exchange

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Tabel 5.8

Uji F

ANOVA[b]

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Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	18.823	5	3.765	2.832	.017[a]
	Residual	300.401	226	1.329		
	Total	319.224	231			

a. Predictors: (Constant), LnIflsi, LnFsl, LnLdts, Ln, LnN.Tkr

b. Dependent Variable: LnK.Saham

Based on Table 5.8 exchange rate ,interest level, liquidity, inflation and financial influence collectively on the share profits in Indonesian Stock Exchange is below 0,05%.

c.   **Individual Test (T-Test)**

Individual test or partially is to test whether the inflation, liquidity, exchange rate, and financial influence individually on the share profits in Indonesian Stock Exchange.

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Tabel 5.9

Uji t

Coefficients[a]

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Model		Unstandardized Coefficients B	Unstandardized Coefficients Std. Error	Standardized Coefficients Beta	t	Sig.
1	(Constant)	-79.564	64.416		-1.235	.218
	Ln	.426	.248	.160	1.717	.087
	LnIflsi	1.852	2.693	.215	.688	.492
	LnLdts	-.048	.043	-.073	-1.120	.264
	LnN.Tkr	9.305	7.942	.334	1.172	.243
	LnFsl	.013	.015	.055	.852	.395

a. Dependent Variable: LnK.Saham

Based on Table 5.9 that the result of t Test is as follows:

1. Interest level influences individually on share profits in Indonesian Stock Exchange. Its significant score is 1.717 and its table score is 1600. It means that individually interest level influences on share profits.

2. Inflation influences individually on the share profits in Indonesian Stock Exchange. Its significant score is 0.688. It means that individually inflation influences on share profits.

3. Liquidity influences individually on share profits in Indonesian Stock Exchange. Its significant score is -1.120 and it means that individually liquidity does not influence on share profits.

4. Exchange rate influences individually on share profits in Indonesian Stock Exchange. Its significant score is 1.1725. It means that individually exchange rate does not influence on share profits

5. Financial influences individually on share profits in Indonesian Stock Exchange.

6. Its significant score is 0.852. It means that individually financial does not influence on share profits.

V.   CONCLUSION

In conclusion this research concludes that level of   interest, inflation score, liquidity, exchange rate and financial influence collectively on share profits in Indonesian Stock Exchange, while individually the level of interest influences on the share profits.

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