

## CHAPTER V

### CONCLUSION AND IMPLICATION

#### A. Conclusion

From the results of hypothesis testing can be concluded as follows:

1. Changes in the exchange rate of USD / IDR positively influences the stock index in Indonesia and have a one-way causality relationship with the stock index. Over the long-term, the exchange rate also shows that there is cointegration with the stock index. So also for the short term, the exchange rate has an influence on the Indonesian stock index. Indonesia interest rate negatively affects the stock index and does not have a causality relationship in one-way with the stock index. Over the long-term, variable interest rate also shows that there is cointegration with Indonesia the stock index. But in short-term, interest rate has no effect on the Indonesian stock index.
2. The exchange rate USD / SGD negatively influences the stock index Singapore. There is no relationship between the direction of the exchange rate USD / SGD and Singapore stock index. During the short-term, exchange rate USD / SGD has negatively influence on the Singapore stock index, while over the long term it has no effect. Singapore interest rates does not affect the stock index, nor has the causality relationship with the Singapore stock index. During the long and short term, interest rate does not have a significant impact on the Singapore stock index.

3. The exchange rate USD / MYR positively influences the Malaysian stock index. There is a causality relationship between the exchange rate Malaysia and the stock index. Over the long term, the currency rate influences the stock index. While in the short term, currency exchange rate Malaysia does not have a significant impact on the Malaysian stock index. Malaysian interest rates do not affect the Malaysian stock index, also does not have a one-way causality relationship with stock index. Over the long-term, interest rates affect the stock index. While in the short-term interest rates Malaysia also do not have a significant impact on the Malaysian stock index.
4. The exchange rate USD / THB negatively influences the Thai stock index. There is no one-way relationship between the the exchange rate THB / USD and the stock index. Over the long-term, the exchange rate cointegrates with stock index as well as in the short term, the exchange rate for the Thai currency has a significant impact on the Thai stock index. Thailand interest rate negatively affects the Thai stock index and has a one-way causality relationship with stock index. Over the long-term, variable interest rates also show that there is a cointegration with the Thai stock index. But in the short term, the interest rate does not have influence on the Thailand stock index.
5. The exchange rate USD / PHP has no influences on the Philippine stock index. There is no relationship between the exchange rate USD / PHP and the Philippine stock index. Over the long-term, the exchange rate is

not cointegrated with stock index as well as for the short term exchange rates Philippines does not have a significant impact on the Philippine stock index. Philippine interest rate negatively affects the Philippine stock index but does not have a causality relationship with the stock index. Over the long-term the interest rates also show no cointegration with the Philippine stock index. Over the short term, the interest rate does not have influence on the Philippine stock index.

## **B. Implication**

1. Exchange rate variable shows a significant effect, proving that exchange rate changes have a big impact investors in making investment decisions. For many countries, doing export or import should be noted that macroeconomic factors such as exchange rate used in the payment instrument needs to be maintained the stability without neglecting other macroeconomic factors not described in this study.
2. For the government in determining monetary policy relating to interest rates is expected to see the condition of the financial markets of other countries. This is due to keep the investors. Because the difference in interest rates on domestic and overseas will have an impact on the decision of the foreign and domestic investors. So it is quite wise to consider the interest rate of other countries to keep the investors.
3. For market actors, investors are expected to pay more attention to fundamental macroeconomic factors such as interest rate and exchange

rate without neglecting other factors. Investors are also expected to prepare with the plan of integration, because if it is done, it will be a lot of prospects for investments involving many countries.

