

CHAPTER V. CONCLUSION AND IMPLICATION

A. Conclusion

Based on the results of this research and the discussion above, it can be concluded as follows;

1. The relation between exchange rate, SBI interest rate, inflation and Dow Jones Index toward JCI in 2014 – 2014 period in long and short term period, are;
 - a. Exchange rate has a positive, but not significant relation toward JCI in long term period and has negative, but not significant relation toward JCI in short term period.
 - b. SBI interest rate has a negative and significant relation toward JCI in long term period and has a negatif, but not significant toward JCI in short term period.
 - c. Inflation has a negatif and significant relation toward JCI in both of long and short term period.
 - d. Dow Jones Index has a positive and significant relation toward JCI in both of long and short term period.
2. JCI in 2004-2014 period shows a positive and significant trend, yet the prediction of an average JCI increment in 2017 amounted to 6,144.74 points.

B. Implication

1. For investor who will invest in stock market should pay more attention through the information that related to macro economy, especially the level of

inflation and Dow Jones Index. Because the results in this research show both of these variables have a significant influence on JCI both in long and short term period.

2. For investors who will make a long term investment, beside observe the level of inflation rate and Dow Jones Index, should also pay attention to the variable of SBI interest rate. Because these variables showed a significant influence on JCI in the long term period.
3. For investors who will invest in stock market, it better to consider the period of investment that would be applied, whether a short or long term investment. So it expected to prepare an effective and efficient strategy of investment to face the challenges that stock market has.
4. For investor and government, it better to create an annual prediction of JCI development in several years ahead, so that it can used as a basis information to determine the purpose and policy that would be implement toward JCI and the factors that influence it.
5. For the next researcher, it is recommended to add other macro economic variables such as GDP and foreign exchange reserves, as well as adding overseas stock indexes variables were more diverse, as Nikkei 225 from Japan and Hang Seng Index from China who also have a strong ties with Indonesian economy.