Journal of Multidisciplinary Academic and Practice Studies (JoMAPS)
ISSN 2656-2359, Vol 2, No 3, 2024, 463-474 https://doi.org/10.35912/jomaps.v2i3.2308

The effect of inflation and exchange rates on stock prices in banking sub-sector companies listed on The Indonesian Stock Exchange

Uswatun Hasanah[1], Muhammad Kurniawan[2], Edduar Hendri[3]
PGRI University Palembang, Indonesia
uswatunhasanahh107@gmail.com[1], iwanusman220516@gmail.com[2], hendriedduar71@gmail.com[3]

Article History
Received on 3 July 2024
1st Revision on 19 July 2024
Accepted on 22 July 2024

Abstract
Purpose: This study aims to determine the influence of inflation variables and exchange rates on share prices.
Method: This study used quantitative methods. The population in this study was 47 banking subsector companies listed on the Indonesian Stock Exchange for the 2019-2023 period. The sample in this study comprised 15 companies with 75 financial reports. This research uses classical assumption tests such as the normality test, multicollinearity test, autocorrelation test and heteroscedasticity test, coefficient analysis, coefficient of determination analysis and hypothhesis testing consisting of the t test and f test.
Results: The results of this research show that inflation has a partial and significant effect on share prices in banking subsector companies listed on the Indonesian Stock Exchange for the 2019-2023 period because it has a sig. 0.000 < 0.05, and the exchange rate has a significant effect on share prices in banking subsector companies listed on the Indonesian Stock Exchange for the 2019-2023 period because it has a sig value. 0.000 < 0.05. Simultaneously, the effect on share prices in banking subsector companies listed on the Indonesian Stock Exchange for the 2019-2023 period beccause they have sig. equal to 0.000 < 0.05.
Limitations: The object of the research is only banking sub-sector companies listed on the Indonesia Stock Exchange for the 2019–2023 period and only includes inflation, exchange rates, and stock prices
Contribution: This research aims to contribute to science at the Faculty of Economics and Business, provide reading materials in the library of the University of PGRI Palembang about inflation and exchange rates on the stock prices of companies in the banking sub-sector on the Indonesia Stock Exchange for the 2019-2023 period, and increase the company's insight into the development of stock prices related to inflation and exchange rates.
Keywords: *Inflation, Exchange Rate, Stock Price*
How to Cite: Hasanah, U., Kurniawan, M., & Hendri, E. (2024). The effect of inflation and exchange rates on stock prices in banking sub-sector companies listed on The Indonesian Stock Exchange. *Journal of Multidisciplinary Academic and Practice Studies*, 2(3), 463-474.

1. Introduction

The capital market is an activity related to the public offering and trading of securities, public companies related to the securities they issue, and institutions and professions related to securities, in accordance with Article 1, paragraph (13) of Law Number 8 of 1995. The capital market also often changes due to the many factors in the capital market, while in the development of the times, the capital market has also provided many benefits and has experienced very good development in countries such as legri and abroad.

The capital market can be interpreted as a meeting place for people who have a lot of funds with people who are in need of funds and a meeting place for capital owners, a valuable letter, or a security that can be sold where the proceeds of the sale can be one of the sources in a company in order to increase its capital, which requires a medium to interact with those in a stock in order to get a profit or reward (Sudarmanto 2021).

A bank is a service that funds a commodity. According to Law No. 10 of 1998, banks collect funds from the public in the form of deposits and channel them back in the form of credit to improve people's lives. Stock price is a common factor that allows investors to invest their funds in the capital market because it reflects their capital retrieval. The share price is a price set in a company that shares ownership rights with the entity of a company (Wardani 2022).

Table 1. List of Stock Prices of Banking Sub-Sector Period 2019-2023

No.	Bank Code	Year				
		2019	2020	2021	2022	2023
1.	AGRS	163	216	200	90	83
2.	BBCA	6685	6770	7300	8550	9400
3.	BBNI	7850	6175	6750	9225	5375
4.	BBRI	4400	4170	4110	4940	5725
5.	BBTN	2120	1725	1730	1350	1250
6.	BBYB	284	366	2630	645	436
7.	BDMN	3950	3200	2350	2730	2780
8.	BEKS	50	98	54	50	50
9.	BJBR	1185	1550	1335	1345	1150
10.	BMRI	7675	6325	7025	9925	6025
11.	BRIS	330	2250	1780	1290	1740
12.	BTPS	4250	3750	3580	2790	1690
13.	MCOR	129	139	116	80	78
14.	MEGA	6350	7200	8475	5275	5100
15.	NISP	845	820	670	745	1180

Source: Indonesian Stock Exchange

Therefore, investors must be able to understand the behavior contained in a capital market. Stock prices that can usually change can take a very long time (in minutes or seconds). This is usually caused by the supply and demand that exist in a stock request between sellers and buyers. Inflation can also be said to be a condition in which a product experiences an increase. Because of inflation, a company's income can increase the cost of a product. Production costs owned by a company that is experiencing an increase in the cost of a product; therefore, the profits owned by a company will decrease, and the economic conditions of a country can be described. Inflation is an increase due to an increase in the price of goods over a fairly long period of time on an ongoing basis.

The method of calculating inflation seen in a price index known as the consumer price index (CPI), the CPI is an index that calculates the average price change in a certain time frame. As explained, if there is an increase in general prices (inflation), then the central bank’s policy response (Bank Indonesia) is the occurrence of a benchmark interest rate (BI rate), which will affect interest rates in a market.

The single goal of monetary policy in Indonesia is to maintain the stability of the value of the rupiah, one of which is reflected in a low and stable inflation rate in accordance with Article 7 Paragraph (1) of Law No. 23 of 1999 concerning BI, which was later amended to Law No. 3 of 2004 concerning BI.

The exchange rate can be interpreted as an offer that is being made somewhere like a market where demand and supply are balanced because it is very important in an economy. The exchange rate is typically used to measure and become a tool in a country's economy. The exchange rate is usually known as the exchange rate is a (domestic) currency is a foreign currency price, (Sriyono and

Kumalasari 2020). The targeting of the exchange rate refers to the belief that the exchange rate or exchange rate on the achievement of the ultimate goal of monetary policy on the belief that the exchange rate is the most instrumental. Then explained again, the central bank focuses on an effort to target the exchange rate as a target as a form of achieving the ultimate goal of monetary policy.

According to previous research, the phenomenon that often occurs is an increase in inflation, which is not followed by a decrease in stock prices, and a decrease in inflation is not followed by a decrease in stock prices. This researcher also explained that variables have a simultaneous influence on inflation and interest rates on stock prices, while partially the inflation variable has no influence and is not significant to stock prices (Iradilah & Tanjung, 2022). According to previous studies, the analysis always provides a foundation for a researcher to analyze the existence of factors that usually affect the foundation or analysis (Riskiyani & Dewi, 2023). Therefore, researchers are interested in analyzing inflation, which always experiences different increases every year, and the exchange rate comparison of a country, as well as inflation and exchange rates, which simultaneously affect the share price of banking companies listed on the Indonesia Stock Exchange.

2. Literature review

2.1 Inflation

2.1.1 Definition of Inflation

Inflation is always influenced and seen from the increase in the price of an item in general and continues to increase (continue) according to market mechanisms due to various factors such as increased household consumption and excess liquidity in the market to cause media or speculation, which results in the irregular distribution of goods (Prawoto 2019). Inflation is a process of increasing prices in general and continuously (continue) in the long term; inflation is also a process in which the value of a currency falls due to an event, not because of a high or low price level (Halim, 2018). From the explanation above, it can be concluded that inflation is an increase in the price of goods in general, caused by factors in which the value of a currency is high or low.

2.1.2 Types of Inflation

Several factors affect inflation, either combined or partially (Natsir, 2014):

1. Inflation due to demand pull (demand full inflation)
   In financial analysis two important variables are usually used as the basis or tool of analysis, the relevant variables are aggregate supply and demand. Aggregate demand is the sum of the consumption and investment needs of an economy.
2. Cost push inflation
   Another factor that causes inflation is the supply factor, and the resulting price rise is cost inflation or supply shock inflation.
3. Expectation inflation
   Inflation expectations play an important role in the development of labor prices and wages if economic agents, both individuals in the business world, believe that past inflation will continue in the future. This is where economists anticipate the increase in damage that has been caused.

2.1.3 Inflation by Severity

There are various methods to classify inflation. One is inflation based on its severity (Natsir, 2014):

1. The mild inflation rate was <10% per year.
2. Moderate inflation is between 10%-30% per year.
3. Severe inflation is between 30%-100% per year.
4. Hyperinflation is inflated, which is >100% per year.

2.2 Exchange Rate

2.2.1 Definition of Exchange Rate

Exchange rates can be interpreted as a movement in the exchange rate used in an agreement for current payments between a country's currency and the currency of another country, which is usually contained in a macro factor that can be influenced by stock returns used for future payments (Dimaranty 2019).

The exchange rate is the value of a country's currency that can be compared to the value of another country's currency. According to him, it is important for a country to understand the most appropriate use of exchange rates (Fahmi, 2018; Nworie & Oguejiofor, 2023). From the explanation above, it can be concluded that the exchange rate is the movement of a country's currency, which is then compared with other countries where there are macro factors, and is influenced by stock returns for proper use in a country.

2.2.2 Causes of Exchange Rate Vulnerability

If analyzed in depth, the low exchange rate (domestic) against foreign currencies (foreign currency) is generally caused by three factors (Fahmi, 2018):

1. First, the imperfection of the foreign exchange market, the foreign exchange market is still thin and segmented, so that some key players easily create expectations and domestic market behavior is easily influenced by the expectations formed by key market players.
2. Second, short-term capital flows dominate the structure of inflows.
3. Third, a situation may arise in the banking sector, as it continues to experience liquidity problems, subsequently facilitating the conversion of rupiah into foreign currency.

Another factor that causes the weakening of the rupiah exchange rate is the high demand for foreign currency or currencies by companies, including state-owned enterprises, either to fulfill import needs, pay foreign debts, or for speculative purposes.

2.3 Stock

2.3.1 Definition of Stock

Shares are companies that have a sign of capital participation of an ownership owned by someone in a company that has a clear value and nominal by the holder (Fahmi, 2018). Shares can also be interpreted as a means for investors as a form of investment to allocate funds that occur in these shares and as a sign of participation and ownership that has been identified in a company (Azis, Mintarti, & Nadir, 2015).

From the discussion above, the researcher concludes that shares are proof of participation in capital ownership in a company that has been listed.

2.3.2 *Types of Stock*

The types of shares are divided into two, namely (Fahmi, 2018):

1. Common stock (common stock) is securities sold by a company with a nominal dollar value, and some have advantages over preferred shares, giving the holder the right to decide whether to buy the shares.
2. Preferred stock is security sold by a company with a nominal value of several rupees, dollars, yen, etc. The holder receives fixed income in the form of dividends. The owner receives fixed income in the form of dividends, which are usually distributed quarterly.

2.4 Stock Price

The share price can be interpreted as belonging to the company and can provide profit and wealth for shareholders (Nosike & Egbunike, 2021; Novanda, 2023). Stock price is an activity that usually shows something from the capital market, and the increase in the stock price may indicate activities that occur in the market, such as rising and falling stock prices, which usually indicate a market that is about to decline (Litriani 2017). Therefore, investors must be able to understand the behavior contained in a capital market. Stock prices that can usually change can take a very long time (in minutes or seconds). This is usually caused by the supply and demand that exist in a stock request between sellers and buyers. From the explanation above, we can conclude that the share price is an increase or decrease in the market for shareholders.

2.4.1 Factors Affecting Changes in Stock Price Levels

The factors that affect changes in stock price levels are as follows (Aziz, 2015:83):

1. The amount of cash dividends provided and the distribution of large dividends can increase investor confidence in the company as one of the factors affecting the level of changes in stock prices, and can greatly influence the distribution of dividends.
2. The amount of profit earned by the company, companies with good profits, and good business prospects are usually investors' choice to invest their funds.
3. Earning per share: an investor who invests in a company receives a return on the shares they own; the higher the return per share provided by the company, the more investors believe that the company offers a good enough return to encourage investors to make a larger investment in a building company.
4. The interest rate, which can affect the company's share price, is affected by the company's profit because interest is a burden that the higher the interest, the lower the company's profit, and also affects competition in the capital market between stocks and bonds. When interest rates rise, investors obtain high yields from bonds, so they sell shares for bonds, which can lead to a decrease in stock prices.
5. The level of risk and the level of return, in general, if the higher the risk, the higher the retrun expected by investors, because in this case there is a big influence between the attitude of investors and the expected stock price.

3. Research method

3.1 Object and Research Location

The research object in this study is the Banking Subsector Company listed on the Indonesia Stock Exchange (BEI) in 2019-2023. The object of this study consists of two types of variables: independent variables and related variables (dependent). The independent variables in this study are inflation and exchange rates, while the stock price is the related variable. This research was conducted in Palembang city, precisely at the Indonesia Stock Exchange (IDX) Gallery located at PGRI University Palembang, which is looking for stock price data on banking subsector companies listed on the Indonesia Stock Exchange. The data used in this study were secondary data, namely financial statement data of banking sub-sector companies listed on the Indonesia Stock Exchange.

3.2 Research Methods

The research method is a scientific way to obtain information with a specific purpose and target (Sugiyono, 2019). Quantitative data was used in this study. The quantitative method is one of the research methods used in studies of a particular population or sample by collecting information through a research tool to analyze quantitative statistical data, with the aim of being able to test one of the predetermined population objectives (Panchali & Seneviratne, 2019; Sugiyono, 2019).

3.3 Population and Sample

3.3.1 Population

The subject of the research conducted is a banking sector company that has been listed on the Indonesia Stock Exchange and has published financial reports in the 2019-2023 period. The number of banking companies listed on the Indonesia Stock Exchange during this period was 47.

3.3.2 Sample

The research subject that has been carried out by researchers is a banking sector company that has been listed on the Indonesia Stock Exchange and has published financial reports in the 2019-2023 period. The samples used in this study were 15 banking companies listed on the Indonesia Stock Exchange over a period of 5 years (2019-2023).

3.4 Data Source

Secondary data are not obtained directly from the subject, but come from and are collected from other sources or parties (Pandoyo & Sofyan 2018). The data used in this study were secondary data and the type of research was quantitative. Data collection techniques are the most important stage of research because the main purpose of research is to obtain information without knowing the data collection techniques, so researchers cannot obtain information according to predetermined standards (Sugiyono,

2019). The data collection technique used in this study uses a data collection method from one document that is used as an attachment to financial statements.

3.5 Data Analysis Technique

3.5.1 Classical Assumption Test

The classical assumption test is a statistical prerequisite that must be fulfilled before conducting multiple linear regression analysis using ordinary least squares (OLS). This test ensures that the regression model satisfies the necessary conditions, making the results reliable and consistent. Typical classical assumption tests include normality, multicollinearity, and heteroscedasticity.

a. Normality Test
   The purpose of the normality test is to determine whether a residual or residual variable in a regression model is normally distributed by assuming that the residuals have been followed (Ghozali, 2021). There are two ways to detect whether the residuals are normally distributed or not, namely by graph analysis and statistical tests, which include graph analysis and statistical analysis.
b. Multicollinearity Test
c. The purpose of the multicolonierity test was to determine the correlation between the independent variables (free). A good regression model should not have a correlation between independent variables; if the independent variables are correlated, then the variables are not orthogonal.
d. Autocorrelation Test
   The purpose of the autocorrelation test is to test whether a linear model has confounding errors; in period t and period t-1, this will occur if the correlation is called an autocorrelation problem.
e. Heteroscedasticity Test
   The purpose of the heterocedacity test is to test if there is an inequality of variance in a regression model between a residue, namely, observations from other parts.

3.5.2 Multiple Linear Regression Analysis

The goal is to show the results and influence of the independent and dependent variables. Multiple linear regression analysis is a linear relationship between two or more independent variables (X) and a dependent variable (Y). Linear regression analysis is a statistical method that aims to test the multiple effects of an independent variable on a dependent variable (Ghozali, 2021). Several forms of multiple linear regression equations are as follows:

$$Y = a + b_1X_1 + b_2X_2 + \varepsilon$$

where Y = Stock Price, a = Constant Value, X1 = Inflation, X2 = Exchange Rate, B1 = Regression Coefficient X1, B2 = Regression Coefficient X2, and e is the error (assumed to be 0). In addition, a correlation coefficient analysis was conducted to determine whether the relationship between variables was strong. This was followed by a coefficient of determination test and hypothesis testing.

4. Results and discussions

4.1 Classic Assumption Test

4.1.1 Normality Test Results

It is known that the result of the significance value of 0.200 is greater than 0.05; therefore, it can be concluded that the data are normally distributed. The following are the normality test data obtained through a histogram graph. The histogram graph is said to be normal if the data distribution forms a bell (bell shaped), not leaning to the left or right (Santoso, 2015:43). The histogram graph above forms a bell and does not lean to the right or left; thus, the histogram graph is declared normal. Based on the graph data above, the shape of the graph is bell-shaped and does not lean to the right or left; therefore, it can be concluded that the data are normally distributed. Based on the graph above, it can be seen that almost all data are spread around the diagonal line, so it can be concluded that the data are normally distributed.

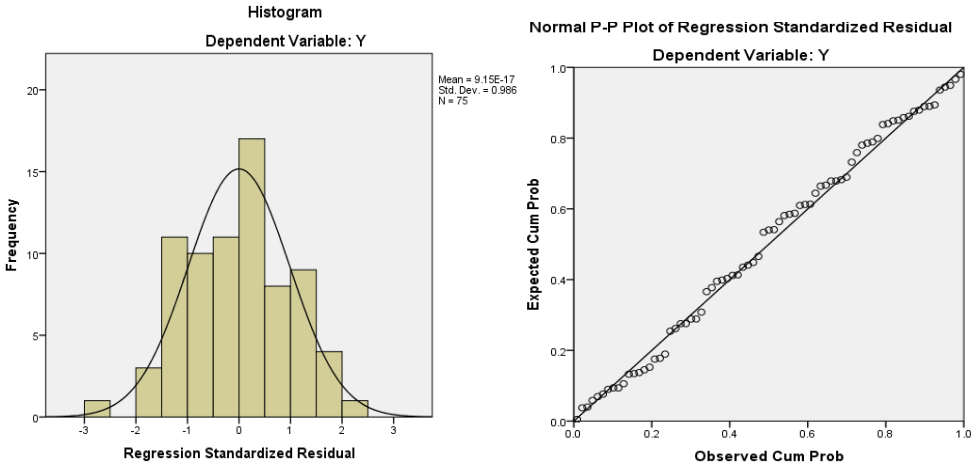

Figure 1.Histogram Graph and P-Plot Graph

4.1.2 Multicollinearity Test Results

It is known that the tolerance value of the inflation variable is 0.870 and that of the exchange rate variable is 0.521, while for the VIF value, the inflation variable is 1.890 and the exchange rate variable is 1.532. As the VIF value is smaller than 10, it can be concluded that there is no multicollinearity.

4.1.3 Autocorrelation Test Results

Based on the provisions of the Durbin-Watson test, a regression model is declared to escape autocorrelation if the Durbin-Watson value is in the area between dU and 4-dU, namely 1.653 to 2.347. The output results above show a value of 1.504; therefore, it can be concluded that there is no autocorrelation.

4.3.4 Heterokedasticity Test Results

Based on the test results, the significance value of the inflation variable is 0.088, greater than 0.05, meaning that variable X1 does not experience heteroscedasticity, and the exchange rate variable is 0.110, greater than 0.05, meaning that there is no heteroscedasticity.

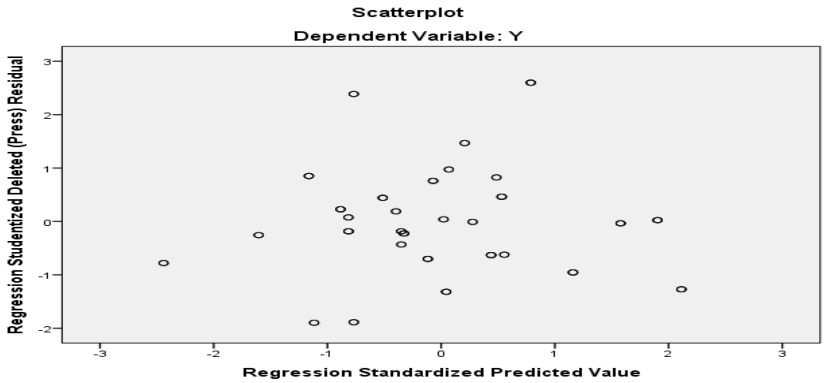

Figure 2. Scatterplot

Based on the picture above, it can be seen that the points on the scatterplot graph spread in all directions and do not form a pattern; therefore, it can be concluded that there is no heteroscedasticity.

4.2 Multiple Linear Regression Analysis Results

The purpose of the leniarity test is to determine whether the specification of the model is correct, as well as the function in an empirical study that is already linear, quadratic, or cubic.

Table 2. Multiple Linear Regression Analysis Results

Model	Unstandardized Coefficients	Standardized Coefficients

		B	Std. Error	Beta
1	(Constant)	-.201	.459	
	Inflasi_X1	.095	.034	.057
	NilaiTukar_X2	.134	.090	.114

Source: Research results, data processed, 2024

Based on the results of multiple linear regression in this test, it can be seen that the relationship between Inflation and Exchange Rates on Banking Stock Prices produces an equation as follows:

$$Y = -0{,}201 + 0{,}095X1 + 0{,}134X2$$

Based on the above equation, a constant of -0.201 was obtained. This means that in the presence of Inflation and Exchange Rate constant, the Banking Stock Price value is -0.201. The regression coefficient of the Inflation Rate variable is 0.095, meaning that a 1% increase in the inflation variable, assuming other independent variables are constant, will cause an increase in stock prices of 0.195, and vice versa, if a 1% increase in inflation causes a decrease in stock prices by 0.195. The regression coefficient of the Exchange Rate variable is 0.134, meaning that an increase of one unit in the Exchange Rate variable, assuming other independent variables are constant, will cause an increase in stock prices by 0.134, and vice versa if a decrease in the exchange rate of one unit will cause a decrease in stock prices by 0.134.

4.3 Correlation Coefficient and Coefficient Determination Analysis

The correlation coefficient (R) was used to determine the strength of the relationship between one and another variables (Priyatno, 2022). The following are the results of the correlation coefficient output test.

Table 3. Correlation Coefficient Results

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.981[a]	.820	.815	.05205

Predictors: (Constant), Exchange Rate_X2, Inflation

Source: Research results, data processed, 2024

Based on the results of the output above, it can be seen that the value of R is 0.981, the interval value of the correlation coefficient at 800-1000 is very strong. It can be concluded that a strong relationship exists between these variables. The analysis of the Coefficient of Determination (R2) in this study uses the Adjusted R 2 basis. The results are presented in the following table:

Table 4. Coefficient Determination Results

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.981[a]	.820	.815	.05205	1.504

a. Predictors: (Constant), Exchange Rate_X2, Inflation

b. Dependent Variable: Stock_Y

Source: Research results, data processed, 2024

The output above shows that the adjusted R Square value was 0.815, or 81.5%. Thus it can be said that the magnitude of the influence of the Exchange Rate and Inflation variables on Stock Prices is 81.5% while the remaining 18.5% is influenced by other variables outside the study.

4.4 Hypothesis Test

4.4.1 Test (t partially)

Table 5. t Test Result

Model		t	Sig.
1	(Constant)	26.357	.000
	Inflation	-476.605	.000
	Exchange Rate	-6.598	.000

Source: Research results, data processed, 2024

From the table above, it can be explained that the significance value of the inflation variable (X1) is less than 0.05, so it can be concluded that inflation partially has a significant effect on stock prices, and the exchange rate variable (X2) is less than 0.05, so it can be concluded that the exchange rate has a significant effect on stock prices.

4.4.2 F test (simultaneously)

Table 6 F Test Result

ANOVA[a]

Model		Sum of Squares	Df	Mean Square	f	Sig.
1	Regression	59578.669	2	29789.335	113616.584	.000[b]
	Residual	18.878	72	.262		
	Total	59597.547	74			

a. Dependent Variable: Stock_Y

b. Predictors: (Constant), Exchange Rate_X2, Inflation

Source : SPSS Output Research Data, 2024

Based on the table above, a significant value of 0.000 <0.05, it indicates that there is a significant influence between the independent variables, namely inflation and exchange rates, on the dependent variable, namely stock prices.

4.5 Discussion

4.5.1 The Effect of inflation on banking subsector stock prices for the 2019-2023 Period.

In the results of the multiple linear regression analysis, the regression coefficient value on the inflation variable (X1) is 0.183, indicating that the planning variable has a positive influence on business turnover of 0.183, which means that every 1 unit increase in the planning variable affects business turnover by 0.183.

From the partial test results, the significance value of the inflation variable (X1) was less than 0.05; therefore, H0 was rejected and Ha was accepted. Thus, we conclude that inflation has a significant effect on stock price.

Thus, the results of research conducted by researchers show that inflation affects the stock price of banking sub-sector companies. The results of this study are not similar to those of previous research, which states that inflation has no effect on the banking stock price variable (Atik 2012). According to Permana (2009), Kewal (2012), and Suryanto (2012), inflation has no significant effect on stock prices. Different research results, as shown by Taragin (2009), also stated that the exchange rate has no significant effect on stock prices.

4.5.2 The Effect of Exchange Rates on Banking Sub-Sector Share Prices for the 2019-2023 Period
In the results of the multiple linear regression analysis, the regression coefficient value on the inflation variable (X1) is 0.183, indicating that the planning variable has a positive effect on business turnover of 0.183, which means that every 1 unit increase in the planning variable affects business turnover by 0.183.

From the partial test results, the significance value of the inflation variable (X1) was less than 0.05; therefore, H0 was rejected and Ha was accepted. Thus, we conclude that inflation has a significant effect on stock price. Harianto and Sudomo (2001: 15) explain that a weakening rupiah exchange rate against foreign currencies will increase the cost of importing raw materials for production. For companies that are import-oriented and buy raw materials for production using US dollars, the decline in the exchange rate of Rupiah against the US Dollar will lead to increased import costs for raw materials that will be used for the production process. This affects the decline in profits earned by the company.

Thus, the results of research conducted by researchers show that inflation affects the stock price of banking sub-sector companies. The results of this study are similar to those of previous research that states that the exchange rate has a positive effect on stock prices (Lubis, 2010). The rupiah exchange rate has a significant effect on stock prices (Suryanto 2012). Different results are shown by Tarigan (2009), who states that the exchange rate has no significant effect on stock prices.

4.5.3 The Effect of Inflation and Exchange Rates on Banking Sub-Sector Share Prices for the 2019-2023 Period
In the normality test, the significant value (Asymp. Sig. 2-tailed) is 0.200. A significance value of 0.200 is greater than 0.05, and it can be concluded that the data are normally distributed.

Based on the results of simultaneous hypothesis testing, with a significant value of 0.000 <0.05, it can be concluded that there is a significant influence between the independent variables, namely inflation and exchange rates, on the dependent variable stock prices.

The results of this study are in line with previous research conducted by Pratiwi and Dwiridotjahjono (2023), who state that inflation, rupiah exchange rates, and bank Indonesia interest rates simultaneously affect stock prices. The results of this study support those reported by Kewal et al. (2012). Research conducted by Kewal revealed that inflation, interest rates, exchange rates, and GDP growth simultaneously affect the Stock Price Index. The results of this study also support Jayanti's (2014) research. Jayanti's research revealed that the Inflation Rate, SBI Interest Rate, Rupiah Exchange Rate, Dow Jones Index, and KLSE Index simultaneously affect the Composite Stock Price Index.

5. Conclusion

5.1 Conclusion

Based on the results of the data analysis and discussion in Chapter IV, the researcher concludes that the inflation variable (X1) affects stock prices in banking companies listed on the Indonesia Stock Exchange (IDX) for the 2019-2023 period. In accordance with the basis for decision making in the t test, which states that if the significant value is smaller than the alpha value (α), namely 0.000 <0.05, then H_0 is rejected and Ha is accepted. Thus, the inflation variable (X1) has a significant effect on stock prices (Y) in banking companies listed on the IDX for the 2019-2023 period. In addition, the exchange rate variable (X2) also affects stock prices in banking companies listed on the IDX for the 2019-2023 period. Based on the t-test, a significant value smaller than alpha (α), namely 0.000 <0.05, indicates that H_0 is rejected and Ha is accepted; thus, so that partially the exchange rate variable (X2) has a significant effect on stock prices (Y). Simultaneously, the inflation variable (X1) and the exchange rate (X2) have an effect on stock prices (Y) in accordance with the basis for decision-making in the f test, which shows that the significance value is smaller than the alpha value (α), namely 0.000 < 0.05. Therefore, H_0 is rejected and Ha is accepted, and it can be concluded that the inflation (X1) and exchange rate (X2) variables together have a significant effect on stock prices (Y) in banking companies listed on the IDX for the 2019-2023 period.

5.2 Suggestions

Suggestions that can be provided by researchers related to the results of this research that has been done are as follows:

1. Inflation variables that provide benefits for potential investors or shareholders. In order to maintain a high inflation rate, the higher the inflation rate and tends to have an effect, it can strengthen the increase in share prices, so that it can increase in banking companies listed on the Indonesia Stock Exchange (IDX).
2. The variable exchange rate or exchange rate, by noting a significant effect on stock prices, the government must set policies related to the exchange rate when the rupiah weakens because this will have an impact on company shares and even affect economic conditions in Indonesia.
3. This study only uses Inflation Variables (X1) and exchange rates (X2), which are stated to have a significant effect on Stock Prices (Y). For further research, it is expected to use a different time period or add different research periods and other variables that are still related to stock prices and use other banking company sectors listed on the Indonesia Stock Exchange.

5.3 Limitations

The problems discussed in this study are too broad if studied in depth, and the authors realize that time and ability are limited; therefore, the problems must be clearly and purposefully limited. To prevent the problem from widening, financial management analysis is limited to exchange rate variables, inflation, and stock prices.

Acknowledgments

In this study, the authors received significant guidance, criticism, and enormous motivation from various parties. The authors thank the following:

1. God Almighty.
2. Mrs. Dr. Nurkardina Novalia, S.E., and M.Si were the head of the management study program.
3. Muhammad Kurniawan, S.E.,M.M as the main supervisor and Edduar Hendri, S.E.,M.M as my co-supervisor. Thank you for your guidance and direction that has been given from the beginning to the end of the manuscript.
4. Both parents, siblings, and relatives provided support to researchers in the form of material and moral support.
5. Other friends who participated in providing support.

References

Azis, M., Mintarti, S., & Nadir, M. (2015). Manajemen investasi fundamental, teknikal, perilaku investor dan return saham. *Yogyakarta: Deepublish*, 83.

Fahmi, I. (2018). *Pengantar Manajemen Keuangan : Teori Dan Soal Jawab*. Bandung: Alfabeta.

Ghozali, I. (2021). *Aplikasi Analisis Multivariate dengan Program IBM SPSS 25*: Badan Penerbit Universitas Diponegoro.

Halim, M. A. (2018). *Teori ekonomi makro edisi 3*. Jakarta: Mitra Wacana Media.

Iradilah, S., & Tanjung, A. A. (2022). Pengaruh Inflasi dan Suku Bunga terhadap Harga Saham Pada Perusahaan Perbankan yang Terdaftar di BEI. *Ekonomi, Keuangan, Investasi dan Syariah (EKUITAS)*, 4(2), 420-428.

Natsir, M. (2014). *Ekonomi moneter & kebanksentralan*: Penerbit Mitra Wacana Media.

Nosike, C., & Egbunike, C. (2021). Customers' Loyalty and Sales Performance of Dangote Cement Product in Awka, Anambra State. *Annals of Management and Organization Research*, 3(2), 115-128.

Novanda, R. R. (2023). Promotion Effectiveness of Small Scale Enterprises (SMEs) in Indonesian Unicorn Marketplace. *International Journal of Accounting and Management Information Systems*, 1(1), 33-44.

Nworie, G. O., & Oguejiofor, B. C. (2023). Management Information System and Performance of Cement Firms in Southeast Nigeria. *International Journal of Accounting and Management Information Systems*, 1(1), 1-15.

Panchali, J., & Seneviratne, S. (2019). Organizational cynicism and employee performance: evidence from a Sri Lankan audit sector. *Annals of Management and Organization Research,* 1(2), 155-169.

Pratiwi, R. W., & Dwiridotjahjono, J. (2023). Pengaruh Inflasi, Nilai Tukar Rupiah, dan Suku Bunga BI terhadap Harga Saham Perusahaan Sub Sektor Properti dan Real Estate yang Terdaftar di BEI Periode 2016-2020. *Reslaj: Religion Education Social Laa Roiba Journal,* 5(2), 391-406.

Priyatno, D. (2022). SPSS panduan mudah olah data bagi mahasiswa dan umum.

Riskiyani, D. N., & Dewi, E. K. (2023). Pengaruh Struktur Modal, Inflasi, Nilai Tukar Terhadap Return Saham Perusahaan Perbankan Di Bei Tahun 2017-2021. *JURNAL AKUNTANSI BARELANG*, 8(1).

Sugiyono, P. (2019). *Metode Penelitian Kuantitatif Kualitatif dan R&D*. Bandung: Alfabeta.