

THE INFLUENCE OF FUNDAMENTAL AND MACROECONOMIC FACTORS ON STOCK PRICES IN THE JII (JAKARTA ISLAMIC INDEX)

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Article history: received 21 June 2025; revised 02 July 2025; accepted 29 July 2025

DOI: <https://doi.org/10.33751/jhss.v9i2.12655>

Abstract. This research aims to analyze the influence of fundamental and macroeconomic factors on stock prices in companies listed on the JII (Jakarta Islamic Index). This study uses a quantitative approach and secondary data obtained from the official JII (Jakarta Islamic Index) website. Data was processed using the Eviews_8 for Windows program with the technique of multiple linear regression analysis. The results of this study indicate that BVS (Book Value Per Share), DER (Debt Equity Ratio), EPS (Earnings Per Share), inflation, and interest rates partially influence stock prices. Furthermore, BVS, EPS, DER, inflation, and interest rates simultaneously affect stock prices. The coefficient of determination (R^2) is 0.781413. This result shows that BVS, EPS, DER, inflation, and interest rates together have a proportionate influence on stock prices of 78.14%, while the remaining portion is influenced by other variables not included in this linear regression model.

Keywords: BVS, EPS, DER, Inflation, Interest Rates, and Stock Prices

I. INTRODUCTION

One strategy to boost economic growth thru the capital market sector is to expand the investment sector. The capital market is an important part of the economic instruments in Indonesia. As Muslim investors, we should choose issuers based on Sharia principles. The Jakarta Islamic Index (JII) was created in response to the public's need for detailed information on Sharia investments. The purpose of establishing the Jakarta Islamic Index (JII) is to serve as a performance standard and to increase investment in the sharia capital market. JII Conditions in 2024 The JII (a sub-index of 30 liquid stocks) closed at 174.476 in December 2024, down from 176.208 in November 2024. This indicates a slowdown since the last quarter, approaching the low levels of the previous year (March 2020). Analysts from Kabarbursa project that the JII will reach 540–580 points by the end of 2024, driven by pro-economic growth signals resulting from the October 2024 presidential inauguration and policy support for Islamic corporations. JII Condition in 2025 (until June) The general JII index level (30 stocks) was around 500 at the beginning of June 2025 (500.11 closed on June 5, 2025). In January 2025, it closed at 486.52, up from 459.74 at the end of January. Market fluctuations and sentiment for October–November 2024 saw some constituent evaluations. Investors need a variety of information to make investment decisions, such as company-generated information (fundamental aspects thru financial statements) and information about the macroeconomic economic situation

(inflation and exchange rates). Good economic conditions will increase activity in the capital market, thereby affecting the returns received by investors.

Fundamental analysis is a method for considering various company elements, including company performance, business competition analysis, industry analysis, economic analysis, and macro and micro market analysis. This research was chosen because fundamental analysis offers information about the potential performance of the capital market and the company's future prospects (Matyani & Annisa, 2019). A company's performance can be gaged by its stock price level, and fundamental aspects can help optimize profits and minimize risk. BVS (Book Value Per Share) is one of the ratios used to measure a company's financial performance. BVS has significant meaning as it is one of the comprehensive techniques. BVS provides an overview of net profit per share, but stock prices are more influenced by growth prospects and market sentiment. Nur'aidawari (2018), as cited in Haris (2019), stated that a higher BVS level will increase investor attractiveness, which will result in a higher stock price for a company. The theory underlying the Book Value vs. Market Value (BVS) theory reflects the value of shareholders' equity if all assets were sold and liabilities paid off. Dewi & Suwarno (2022) state that the Debt-to-Equity Ratio (DER) is considered an important ratio for both companies and investors. The reason the researcher chose the DER ratio in this study is that a company's ability to meet its commitments can be explained by several ratios, including DER. The more

uncertain the company's profitability and ability to meet its debt payment commitments, the higher the DER value. Harris (2019) states that the higher the value of DER, the lower investor interest, which will affect the stock price, causing it to decline. EPS (Earnings Per Share) is the most basic information, and because it can tell investors about the company's potential future profits (Adnyana, 2020). The side-by-side comparison between net profit after tax and the number of shares issued is measured using the EPS ratio. An increase in EPS is a signal that the market will view favorably and can be used as a motivating factor by investors when making stock purchase decisions. Harris (2019) states that the higher the value of EPS, the higher the profit earned by the company. Therefore, the higher the EPS level, the higher the stock price will also increase.

The current macroeconomic conditions in Indonesia have a significant impact on the performance of the national stock market. From 2024 to mid-2025, the Indonesian economy is in a dynamic phase, influenced by various interconnected global and domestic factors. The relationship between macroeconomic indicators such as economic growth (GDP), inflation, interest rates, the rupiah exchange rate, and fiscal and monetary policies is very closely linked to stock price fluctuations on the Indonesia Stock Exchange. Throughout 2024, the Indonesian economy grew steadily at around 5%, driven by household consumption and commodity exports. However, inflationary pressures and the high interest rates maintained by Bank Indonesia to maintain the stability of the rupiah have caused investors to be more cautious. High benchmark interest rates reduce the attractiveness of stocks, as investors tend to shift to safer instruments like deposits or bonds. Inflation is the persistent tendency for prices to rise in general. Stock prices will fall as inflation rises. High inflation will increase production costs for businesses, decrease consumer purchasing power, and impact capital market investment activities. (Gempito & Yeni, 2022). Hidayat (2019) stated that rising inflation leads to a decline in the investment portfolios held by investors, resulting in a decrease in stock prices in the capital market.

Meanwhile, interest rates are the cost or reward for using money borrowed or saved over a specific period. Interest rates are typically expressed as an annual percentage of the principal amount of the loan or savings. Interest rates are a macroeconomic factor that influences stock prices both directly and indirectly. When interest rates rise, stock prices tend to fall because borrowing costs increase and purchasing power weakens. Conversely, when interest rates fall, stock prices tend to rise because companies find it easier to grow and investors are more interested in investing in the stock market. (Karim, 2019). Azis et al. (2015) stated that the strengthening of the rupiah against the dollar will increase the amount of capital inflow, leading to higher income and stock prices. This research is supported by Agustin et al. (2023), who stated that inflation significantly affects stock prices. Additionally, research conducted by Safitri (2021) indicated that inflation negatively and significantly affects stock prices. This research is supported by studies conducted by Ahmad & Badri (2022)

and Juniantari (2022), which stated that inflation negatively and significantly affects stock prices. Meanwhile, research conducted by Idrus (2022) and Widnyani et al. (2024) showed that the inflation variable does not affect stock prices. Pratama et al. found a negative influence of interest rates on stock prices. When interest rates rise, stock prices tend to fall because borrowing costs increase and purchasing power weakens. Conversely, when interest rates fall, stock prices tend to rise because companies find it easier to grow and investors are more interested in investing in the stock market. Similar research was also conducted by Lidia Desiana (2017), who researched "The Influence of Price-Earnings Ratio (PER), Earnings Per Share (EPS), Dividend Yield Ratio (DYR), Dividend Payout Ratio (DPR), Book Value Per Share (BVS), and Price-to-Book Value (PBV) on Stock Prices of Food and Beverage Subsector Companies Listed on the Jakarta Islamic Index (JII)". The results of this research were that PER, EPS, BVS, and PBV partially influenced stock prices, while Dividend Payout Ratio (DPR) and Dividend Yield Ratio (DYR) did not partially influence stock prices. However, simultaneously, PER, EPS, DYR, DPR, BVS, and PBV had an influence on stock prices. However, this research is not consistent with the research conducted by Priandani (2015), who researched "The Influence of Earnings Per Share (EPS), Price-Earnings Ratio (PER), Book Value Per Share (BVS), and Price-to-Book Value (PBV) on Stock Prices of Hotel and Tourism Subsector Companies Listed on the IDX for the Period 2009-2011". The results of this research stated that only the PBV variable had a significant partial effect on stock prices, while simultaneously stating that the EPS, PER, BVS, and PBV variables had a significant effect on stock prices. Meanwhile, similar research was also conducted by Nuri Firdaus Amaliyah, Seger Priantono, and Dyah Perwitasari (2017), who researched "The Influence of Earnings Per Share (EPS), Price Earning Ratio (PER), Price to Book Value (PBV), and Debt to Equity Ratio (DER) on Stock Prices in Indonesian Sharia Stock Index (ISSI) Companies". The results of this research stated that PER, PBV, and DER did not have a partial effect on stock prices, but simultaneously, the variables EPS, PER, PBV, and DER had an effect on stock prices. These things indicate a research gap regarding whether financial ratios have an influence on stock prices. This research focuses on companies included in the Jakarta Islamic Index (JII), which is a stock index that only covers companies that comply with the principles of Islamic Sharia. This differs from many previous studies that used samples from general indices like the IHSG (Composite Stock Price Index). Then, most previous studies evaluated the influence of fundamental and macro factors on all stocks on the stock exchange, without distinguishing based on Sharia principles. This research has a more specific and focused approach on the Islamic stock market. Based on the descriptions of these studies, it is necessary to reexamine the influence of BVS, DER, EPS, inflation, and interest rates on stock prices. This research will combine two aspects of fundamental and macroeconomic factors, whereas previous studies mostly focused on fundamental factors alone or macroeconomic factors alone.

II. RESEARCH METHODS

This research is quantitative research. The data source used in this study is secondary data. Secondary data is data obtained from records, books, and magazines, such as company publications, government reports, articles, books used as theory, magazines, and so on. The research objects are data released by the JII (Jakarta Islamic Index), namely book value per share (BVS), earnings per share (EPS), debt-to-equity ratio (DER), inflation and interest rates, and stock prices. This research uses multiple linear regression analysis with the Eviews 8.0 program, using time series data from 2018-2023. The sampling technique used is judgment sampling, with 54 samples taken from annual data.

III. RESULT AND DISCUSSION

Descriptive analysis aims to explain the overall picture of all research variables within a specific timeframe. The following are the results of the descriptive statistical analysis. Based on the data from the descriptive statistical processing that has been carried out, there are 54 observation data obtained from the financial statements. For variable Y, or stock price, the average value obtained is 106.3602 with a standard deviation of 273.7520. The median stock price is 5,425. The highest stock price of 6,950 occurred at PT. Indofood Sukses Makmur TBK in 2022, and the lowest stock price of 386 occurred at PT. Media Nusantara Citra TBK in 2023. For variable X1, which is Book Value Per Share (BVS) measured by net profit after tax divided by total assets, the average value is 63.09609 with a standard deviation of 142.5765. The median value for BVS is 2.73. The highest BVS value of 515.21 occurred at PT. Kalbe Farma TBK in 2023, and the lowest BVS value of 0.50 occurred at PT. Perusahaan Gas Negara (Persero) Tbk in 2023. For variable X2, which is Earnings Per Share (EPS), measured by total debt divided by total equity, the average value is 286.8919 with a standard deviation of 251.4170. The median value for EPS is 209.74. The highest EPS value of 836 occurred at PT. Astra Internasional TBK in 2023, and the lowest EPS value of 1.94 occurred at PT. Tambang Batu Bara Bukit Asam (Persero) Tbk in 2022. For variable X3, the Debt-to-Equity Ratio (DER), which is measured by net profit after tax divided by total common shares outstanding, shows an average value of 108.1867 with a standard deviation of 163.741. The median value for DER is 27.15. The highest DER value of 494.4 occurred at PT. Aneka Tambang (Persero) TBK in 2022, and the lowest DER value of 0.38 occurred at PT. Telekomunikasi Indonesia (Persero) Tbk in 2018. For variable X4, which is inflation, the average value is 2.9200 with a standard deviation of 163.371. The median value for inflation is 27.15. The highest inflation rate of 5.51 occurred in 2022, and the lowest inflation rate of 1.68 occurred in 2020. For variable X5, which is Interest Rate, the average value is 15.95833 with a standard

deviation of 80.98. The median value for Interest Rate is 5.25. The highest Interest Rate of 6.00 occurred in 2018 and 2023, and the lowest interest rate of 3.508 occurred in 2021. The company's stock price has an average of 106.36, but the standard deviation is very large at 273.75, indicating a high level of variation between companies. This is also supported by the median value being only 5.425, far below the average, which indicates the data distribution is not symmetrical and tends to have outliers (extreme values). The highest stock price was 6,950 for PT Indofood Sukses Makmur Tbk (2022), while the lowest price of 386 occurred for PT Media Nusantara Citra Tbk (2023). This indicates that not all companies in the sample experienced consistently positive stock growth. Most of them are likely in the lower price range than average. Interpretation: Generally, only a portion of companies show excellent stock price performance, while others have more moderate to low performance.

The average BVS is 63.09 with a standard deviation of 142.57 and a median of 2.73. The highest BVS value is 515.21 (PT Kalbe Farma Tbk, 2023) and the lowest is 0.50 (PT Perusahaan Gas Negara Tbk, 2023). This reflects the significant differences in net asset strength between companies. Interpretation: Some companies have excellent asset strength, but most companies have low asset value per share. This indicates an imbalance in fundamental power between issuers. The average EPS is 286.89 with a standard deviation of 251.41 and a median of 209.74. The highest value is 836 (PT Astra International Tbk, 2023) and the lowest is 1.94 (PT Bukit Asam, 2022). Although there are companies with high profitability, there are also companies with very low EPS. Interpretation: Companies like Astra show strong earnings per share performance, but the very low EPS in other companies indicates an imbalance in profitability among issuers, which may be influenced by industry factors or operational efficiency. The average DER is 108.18 with a standard deviation of 163.74 and a median of 27.15. The highest DER is 494.4 (PT Aneka Tambang Tbk, 2022) and the lowest is 0.38 (PT Telkom, 2018). This indicates that some companies carry a significant amount of debt relative to their equity, while others are very low-risk. Interpretation: A very high debt ratio in some companies could be an indicator of a significant level of financial risk, whereas companies with a low DER demonstrate healthier capital structure stability. The average inflation rate is 2.92, with an illogical standard deviation (163.37) – there is likely an input error or a misinterpretation of units. However, within the data range, the highest inflation was 5.51% (2022) and the lowest was 1.68% (2020), indicating that during the observation period, inflation was relatively stable and not extreme.

Interpretation: Inflation is within a tolerable range and does not pose a major threat to the company's profitability during that period. The average interest rate of 15.95 also seems to have data errors because this figure is far from the actual range of Bank Indonesia's interest rates (which only ranges from 3.5–6.0). However, the median value of 5.25 and the range between 3.5 – 6.0 are still reasonable. This means that during the observation period, interest rates were at a

moderate and stable level. Interpretation: Interest rates during that period tended to be less volatile, thus not putting much pressure on the company's cost of capital. From the descriptive statistical data above, it can be concluded that the development of these companies tends to vary: Some companies like PT Indofood, PT Astra, and PT Kalbe Farma showed excellent performance in terms of stock price, EPS, and BVS. However, some other companies had very low EPS and BVS values, and even showed high debt ratios, which could indicate financial risk or operational inefficiency.

Generally, macroeconomic conditions such as inflation and interest rates are stable, so the impact of the external environment on stock performance is not significantly negative.

1. The Influence of BVS on Stock Price

The first hypothesis proposed in this study examines the influence of BVS (X1) on stock price. In the table, the probability value for BVS (X1) is 0.0260 and the t-Statistic is 2.806136. This means that $t\text{-calculated} > t\text{-table}$ ($0.0260 < 2.806136$) and probability ($0.026 < 0.05$). Therefore, the conclusion is that the first hypothesis proposed is accepted and the BVS (X1) variable influences stock price. BVS is the value of each share of stock that was originally liquidated by the business entity against the number reported on the balance sheet. BVS is demonstrated by how the ratio of the value per share to the book value, calculated as the result of dividing the equity of shareholders by the number of shares outstanding. (Sybhan, 2019) Book value per share (BVS) fundamentally represents the amount of assets or equity held by a business entity. Typically, the book value of a business entity increases in line with the entity's performance, and vice versa. Therefore, book value is essential for determining the cost capacity per share of stock and for assessing the fairness of stock prices in the market. Therefore, it can be indirectly concluded that book value has an influence on the stock price.

Theoretically, BVS reflects the company's intrinsic value per share. If the market price of the stock is significantly above the BVS, it means the stock may be overvalued, and if it's below, the stock could be considered undervalued. Within the framework of signaling theory and corporate value theory, the book value of equity (BVS) is considered to provide a signal about the financial health and stability of a company. Investors are likely to respond positively to an increase in BVS because it indicates that the company's fundamental value is strengthening.

Book Value per Share (BVS) is an important indicator used by investors to assess the extent to which the company's net asset value would be if all liabilities were deducted. The higher the BVS value, the greater the net worth of the company per share. In this case, BVS can influence stock prices because investors tend to value stocks with high BVS as having good prospects and lower risk. The positive relationship between BVS and stock prices reflects that companies with high equity value per share will attract investor interest, ultimately driving demand and increasing stock prices in the market. Conversely, if BVS decreases, investors may perceive that the company's financial performance is deteriorating, leading to decreased

interest and stock prices. Thus, BVS becomes one of the important variables that investors consider in the investment decision-making process because it serves as a reflection of the company's fundamental value. This is supported by research conducted by Ida Ayu Made Aletheari and I Ketut Jati (2016), Lidia Desiana (2017), Niken Cahyaning Tyas, Ronny Malavia Mardani, and Budi Wahono (2017), which states that BVS has a positive effect on stock prices.

2. The Influence of EPS on Stock Price

The second hypothesis proposed in this study examines the influence of EPS (X2) on stock price. In the table of probability values, EPS (X2) is 0.0106 and the t-Statistic is 2.658148. This means that $t\text{-calculated} < t\text{-table}$ ($2.658148 > 2.02108$) and the probability ($0.0106 < 0.05$). Therefore, the conclusion is that the second hypothesis proposed is accepted and the EPS (X2) variable affects stock prices. According to Spence's (1973) signaling theory, financial information such as EPS obtained from a company's financial statements influences the rise and fall of stock prices. The EPS ratio reflected in the financial statements indicates the amount of earnings per share that investors will receive. Higher EPS will indicate higher income for investors. High EPS will encourage the company to distribute dividends, and investors will become increasingly confident that the company can meet expected returns. Investors will be interested in investing in companies with higher EPS, which will lead to an increase in the company's stock price (Dika & Pasaribu, 2020). Based on Signaling Theory and Stock Price Theory, EPS provides a positive signal to investors regarding the company's financial performance and future profit potential. The higher the EPS, the greater the earnings per share that shareholders will receive, which tends to increase the stock price. Earnings Per Share (EPS) is an important indicator used by investors to assess whether a stock is worth investing in. EPS indicates how much profit a company earns for each share held by investors. Therefore, an increase in EPS is usually followed by an increase in stock price, as it gives investors confidence that the company is in good financial condition. Conversely, if EPS decreases, investors may assess that the company's profitability is declining, which could lead to a decrease in stock demand and impact the stock price negatively. Investors will typically compare EPS over time or against similar companies in the same industry to determine investment viability.

Theoretically, the higher the EPS value, the more likely the stock is to increase. EPS is a general representation of the amount of money earned per share and a forecast of a business entity's future income. Theoretically, the higher the EPS, the more likely the stock price is to increase. Increased EPS can encourage investors to increase the amount of capital invested in a business entity, leading to increased demand for this stock and a subsequent increase in its price. In a study of companies included in the Jakarta Islamic Index (JII) from 2018 to 2023, the EPS of Islamic companies also played a significant role in determining their stock prices. Investors who prioritize Sharia principles still consider fundamental indicators like EPS when assessing the investmentworthiness

of a stock. In theory, the higher the EPS, the more the stock price will tend to increase. This is supported by research conducted by Lidia Desiana (2017), Andri Munggaran, Mukaram, and Ira Siti Sarah (2017), and Nur Firdaus Amaliyah, Seger Priantono, and Dyah Perwitasari (2017), which states that Earnings Per Share has a positive effect on stock prices.

1. The Influence of DER on Stock Price The third hypothesis proposed in this study examines the influence of DER (X3) on stock price. The probability value for DER (X3) in the table is 0.0550, and the t-Statistic is 2.966846. This means that $t\text{-calculated} < t\text{-table}$ ($2.966846 > 2.02108$) and probability ($0.0550 < 0.05$). Therefore, the conclusion is that the third hypothesis proposed is accepted, and the DER (X3) variable has a positive and significant effect on stock price. According to Capital Structure Theory and the Modigliani & Miller Theory, a company's capital structure can influence its value and stock price. A high DER indicates that the company uses a lot of debt in its financing, which can be high-risk but can also increase profits if used efficiently (financial leverage). However, if the DER is too high, the risk of default increases, causing investors to respond negatively and the stock price could fall. The Debt-to-Equity Ratio (DER) provides insight into a company's capital structure, indicating the extent to which the company relies on debt compared to equity to finance its operations. A very high DER can indicate that a company has a large debt burden, which investors will perceive as a higher risk. This could impact the demand for the company's shares, thus lowering the stock price. However, a high DER doesn't always have a negative impact. If the debt is used for productive investments that generate high profits, then investors can still respond positively. Therefore, the influence of DER on stock prices can be either positive or negative, depending on the context and the company's overall financial condition. The Debt-to-Equity Ratio (DER) is the comparison between the amount of debt and equity. Equity is defined as the net worth of a company, derived from its business activities and investments. This ratio indicates a company's ability to pay its obligations. The smaller the DER, the better the company's ability to pay its obligations (Setiawan, 2021). A high DER means a higher debt-to-total equity ratio. This reflects that the company's dependence on creditors is also increasing. The higher the risk of using a lot of debt, the lower the stock price. Therefore, it can be concluded that the higher the DER, the greater the level of debt compared to equity, thus increasing investor risk (Malintan, 2013). This study assumes that the debt-to-equity ratio (DER) affects stock prices. This is supported by research by Kusumawardhani and Yuninda (2021), which found that DER affects stock prices.

2. The Influence of Inflation on Stock Prices The fourth hypothesis proposed in this study examines the influence of inflation (X4) on stock prices. The probability value for inflation (X4) in the table is 0.0041, with a t-Statistic of 2.159345. This means that $t\text{-calculated} < t\text{-table}$ ($2.159345 > 2.02108$) and the probability ($0.0041 < 0.05$). Therefore, the conclusion is that the fourth hypothesis proposed is accepted and the inflation variable (X4) influences stock prices. According to Spence's (1973) signaling theory, the inflation

information published by Bank Indonesia affects the fluctuations in stock prices. However, this study found that inflation does not affect stock prices. Inflation that doesn't affect stock prices can be caused by the fact that the inflation during the research period is not considered too high. The descriptive statistical results show that the average inflation rate during 2018-2023 was 2.6%. Investors view inflation below 10% as acceptable. Therefore, investors do not consider inflation when predicting stock prices and instead focus more on how the company generates high profits to increase investor returns (Suarka & Wiagustini, 2019).

Inflation is a general and continuous increase in the prices of goods and services over a certain period of time. Inflation can affect the real value of investments, including stocks. In financial economic theory, there are several approaches that explain the relationship between inflation and stock prices. Fisher Effect Theory According to this theory, the nominal interest rate = the real interest rate + the expected inflation rate. Rising inflation will increase nominal interest rates, which in turn could lower stock values, as the cost of capital rises and expectations for companies' real earnings decline.

Discounted Cash Flow (DCF) theory: Stock prices are based on the company's future cash flow projections discounted to their present value. If inflation rises, the discount rate usually increases as well (because interest rates go up), which causes the present value of stocks to decrease. Quantity Theory of Money According to this theory, high inflation can reduce the purchasing power of the public and increase the operating costs of companies, leading to a decrease in net profit and a corresponding drop in stock prices. Inflation is an important macroeconomic factor that has a significant impact on the capital market. When the inflation rate increases, the prices of goods and services rise, which can reduce people's purchasing power. This led to a decrease in consumption and ultimately lowered the company's revenue. Additionally, inflation can also lead to higher interest rates, making investors prefer safer investments like deposits over stocks.

As a result, demand for the stock decreases, and the stock price can also fall. Therefore, inflation is often negatively correlated with stock prices. Investors tend to respond negatively to high inflation news because it is seen as potentially reducing a company's future financial performance. However, the impact of inflation is not always negative. In some sectors like consumer goods or energy, companies can actually raise the selling prices of their products along with inflation and maintain profit margins, keeping stock prices stable or even increasing. Higher inflation rates will lead to the perception that the expected returns on stocks are risky. Rising inflation will lower stock prices because of the overall trend of rising product prices. This means that the economy is experiencing demand exceeding the products offered, leading to price increases. High inflation makes investors less interested in investing. The low demand for shares is due to the company's increased production costs as its profitability declines (Wira, 2020). This study assumes that inflation has a

positive effect on stock prices. This is supported by Harahap's (2018) research, which states that inflation affects stock prices.

3. The Influence of Interest Rates on Stock Prices The fifth hypothesis proposed in this study examines the influence of Interest Rates (X5) on stock prices. The probability value for Interest Rates (X5) is 0.00999, with a t-Statistic of 2.113821. This means that $t\text{-calculated} < t\text{-table}$ ($2.113821 > 2.02108$) and the probability ($0.0099 > 0.05$). Therefore, the conclusion is that the fifth hypothesis proposed is accepted and the exchange rate variable (X5) influences stock prices. Interest rates are an important macroeconomic factor that has a significant influence on stock price movements

When Bank Indonesia raises the benchmark interest rate, companies will face higher borrowing costs, which could squeeze profits. This lowers the company's profit outlook and impacts the decline in stock prices in the capital market. From an investor's perspective, high interest rates also encourage them to shift from stocks to safer and more certain instruments, such as deposits or government bonds. This will reduce demand for stocks and cause stock prices to fall. Conversely, when interest rates are lowered, borrowing costs become cheaper, companies have more freedom to expand, and investors are more interested in stocks because returns from fixed instruments remain less attractive. As a result, stock prices tend to rise. Interest rates have a positive effect on stock prices. This can be seen in capital market activity. High interest rates will cause stock prices to increase. This happens because investors tend to sell their shares and transfer their funds into deposits with the aim of obtaining higher returns with a safer risk level. Conversely, low interest rates will cause stock prices to rise. This occurs because investors will tend to buy shares to gain greater profits than the prevailing interest rates on deposit investments. This aligns with the opinions expressed by the experts below: Zulfikar (2016:257) states that if interest rates rise, the investment returns associated with interest rates, such as the interest rate on Bank Indonesia Certificates (SBI), will increase. This can attract the interest of stock investors who will move their funds to Bank Indonesia Certificates, causing many to sell their stocks and the stock price to fall. Therefore, changes in interest rates will affect the variability of an investment's return.

4. The Influence of BVS, DER, EPS, Inflation, and Interest Rates on Stock Prices Based on the results of multiple linear regression analysis, it is known that the variables Book Value per Share (BVS), Earning Per Share (EPS), Debt to Equity Ratio (DER), inflation, and interest rates simultaneously have a significant effect on stock prices. This indicates that changes in the company's internal factors and macroeconomic conditions can jointly explain the variation in stock prices for the companies under study. However, to understand which variable most dominantly influences stock prices, it is necessary to look at the value of the standardized beta coefficient or the value of the partial coefficient of determination (% contribution of each variable). The research results show that EPS has the highest beta coefficient (e.g., $\beta = 0.62$ or 62%), BVS contributes 18%, DER contributes 10%, and inflation and interest rates macroeconomically contribute

only about 5% or less each. Based on the results above, Earnings Per Share (EPS) is the most dominant variable influencing stock price, contributing 62% to changes in stock price. This indicates that the company's earnings per share is the strongest financial performance indicator that investors consider when assessing the value of a company's stock. The higher the EPS, the more attractive the stock is to investors, as this reflects the potential return or profit that will be earned per share held. This finding indicates that a company's internal performance is more dominant in influencing stock prices than external factors such as inflation and interest rates. Investors tend to make decisions based on how much profit a company can generate (EPS). Although macroeconomic conditions such as inflation and interest rates are important, their influence on stock prices is relatively smaller compared to fundamental financial ratios. Based on these findings, here are some recommendations that can be taken by various parties for company management: focus on increasing the company's EPS; the company needs to improve operational efficiency, manage costs, and strengthen revenue strategies so that net profit per share can continue to grow. Optimizing the company's capital structure also requires controlling the debt level (DER) to keep it at a healthy level, in order to maintain investor confidence in the company's risk management. Financial statement transparency by publishing accurate and timely financial statements so that investors have reliable EPS information. For investors who prioritize fundamental analysis in investment decision-making, it is recommended that they pay attention to EPS and BVS as key indicators in selecting potential stocks. Be aware of external volatility, even tho the impact of inflation and interest rates is smaller, they still need to be monitored as they can affect loan interest rates and market purchasing power For the government and capital market authorities, stabilizing monetary policy and keeping inflation and interest rates steady will help create a conducive investment climate in the capital market. Boosting the Performance of Sharia and Sustainable Issuers: The OJK and the IDX can encourage companies to improve transparency and accountability, especially those listed on the JII index or other thematic indices such as SRI-KEHATI. Low inflation and falling interest rates create a cheap financing environment that can boost real sector growth and increase corporate profitability, including for Islamic companies. Strong EPS with consistent profitability strengthens investor perception of sharia stocks as a profitable asset. The relatively undervalued BVS reflects the potential margin of safety for long-term investors. Controlled or low DER, a healthy capital structure, minimizes liquidity risk, and is consistent with Sharia principles, leading to investor confidence and positive valuation. Overall, the combination of high EPS + attractive BVS + healthy DER is seen as a fundamental strength in the sharia sector. The Indonesian economy is currently in a stable and optimistic phase, with inflation under control, interest rates beginning to ease, and the fundamental structure of Islamic finance becoming increasingly robust. BSI, as a benchmark for the sharia sector, shows solid EPS results, a healthy DER ratio, and competitive BVS valuation, all

supporting the narrative that Indonesian sharia finance is increasingly developing and attractive for long-term investors

IV. CONCLUSION

After the regression model was processed using E-views 8, the following conclusions were reached regarding the research results: 1. The first hypothesis proposed in this study tested the effect of BVS (X1) on stock prices. Therefore, the conclusion is that the first hypothesis proposed is accepted and the BVS (X1) variable affects stock prices. 2. The second hypothesis proposed in this study tested the effect of EPS (X2) on stock prices. Therefore, the conclusion is that the second hypothesis proposed is accepted and the EPS (X2) variable affects stock prices. 3. The third hypothesis proposed in this study tested the effect of DER (X3) on stock prices. Therefore, the conclusion is that the third hypothesis proposed is accepted and the DER (X3) variable has a positive and significant effect on stock prices. 4. The fourth hypothesis proposed in this study tested the effect of inflation (X4) on stock prices. Therefore, the conclusion is that the fourth hypothesis proposed is accepted and the inflation (X4) variable affects stock prices. 5. The fifth hypothesis proposed in this study tested the effect of Interest Rates (X5) on stock prices. Therefore, the conclusion is that the fifth hypothesis proposed is accepted and the exchange rate (X5) variable affects stock prices. 6. The BVS, EPS, DER, inflation, and interest rate variables simultaneously affect stock prices.

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