

**THE ANALYSIS OF INTER-INFLUENCE AMONG GLOBAL ISLAMIC INDEX,
REGIONAL ISLAMIC INDEX, MACROECONOMICS VARIABLES AND
INDONESIA ISLAMIC INDEX**

(Case Study of Jakarta Islamic Index (JII), Period 2010 – 2014)

**ANALISIS HUBUNGAN SALING MEMPENGARUHI ANTARA INDEKS ISLAMI
GLOBAL, INDEKS ISLAMI REGIONAL, VARIABEL MAKROEKONOMI DAN
INDEKS ISLAMI INDONESIA**

(Studi Kasus dari Jakarta Islamic Indeks (JII), Periode 2010-2014)



Written By:

SUSILO NUR AJI COKRO DARSONO

20110430007

FACULTY OF ECONOMICS

UNIVERSITY OF MUHAMMADIYAH YOGYAKARTA

2015

**THE ANALYSIS OF INTER-INFLUENCE AMONG GLOBAL ISLAMIC
INDEX, REGIONAL ISLAMIC INDEX, MACROECONOMICS
VARIABLES AND INDONESIA ISLAMIC INDEX**

(Case Study of Jakarta Islamic Index (JII), Period 2010 – 2014)

**ANALISIS HUBUNGAN SALING MEMPENGARUHI ANTARA INDEKS
ISLAMI GLOBAL , INDEKS ISLAMI REGIONAL, VARIABEL
MAKROEKONOMI DAN INDEKS ISLAMI INDONESIA**

(Studi Kasus dari Jakarta Islamic Indeks (JII), Periode 2010-2014)



UNDERGRADUATE THESIS

In partial fulfillment for the requirement for the degree of Bachelor of Economics
(Sarjana Ekonomi) at International Program for Islamic Economics and Finance
(IPIEF), Economics Department

Written By:

SUSILO NUR AJI COKRO DARSONO

20110430007

FACULTY OF ECONMICS

UNIVERSITY OF MUHAMMADIYAH YOGYAKARTA

2015

THE ANALYSIS OF INTER-INFLUENCE AMONG GLOBAL ISLAMIC INDEX, REGIONAL ISLAMIC INDEX, MACROECONOMICS VARIABLES AND INDONESIA ISLAMIC INDEX

(Case Study of Jakarta Islamic Index (JII), Period 2010 – 2014)

ANALISIS HUBUNGAN SALING MEMPENGARUHI ANTARA INDEKS ISLAMIC GLOBAL , INDEKS ISLAMIC REGIONAL, VARIABEL MAKROEKONOMI DAN INDEKS ISLAMIC INDONESIA

(Studi Kasus dari Jakarta Islamic Indeks (JII), Periode 2010-2014)

Proposed By:

SUSILO NUR AJI COKRO DARSONO

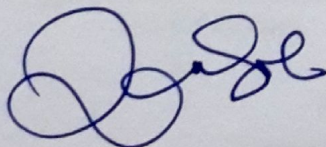
20110430007

January, 26th 2015

Agreed by:

Supervisor 1:

Supervisor 2:



Agus Tri Basuki, SE., M.Si.
NIK: 143 043



Masyhudi Muqorobin, SE., M.Ec., Ph.D
NIK: 143 018

THE ANALYSIS OF INTER-INFLUENCE AMONG GLOBAL ISLAMIC INDEX, REGIONAL ISLAMIC INDEX, MACROECONOMICS VARIABLES AND INDONESIA ISLAMIC INDEX

(Case Study of Jakarta Islamic Index (JII), Period 2010 – 2014)

ANALISIS HUBUNGAN SALING MEMPENGARUHI ANTARA INDEKS ISLAMIC GLOBAL , INDEKS ISLAMIC REGIONAL, VARIABEL MAKROEKONOMI DAN INDEKS ISLAMIC INDONESIA

(Studi Kasus dari Jakarta Islamic Indeks (JII), Periode 2010-2014)

Written By:

SUSILO NUR AJI COKRO DARSONO

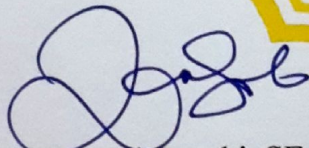
20110430007

This Undergraduate thesis has been revised and validated before the Examination Committee of the International Program for Islamic Economics and Finance (IPIEF), Department of Economics, Faculty of Economics, University of Muhammadiyah Yogyakarta

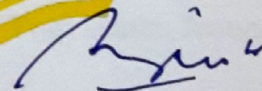
Date: February, 28th 2015

The Examination Committee:

Dr. Nano Prawoto, SE., M.Si
Chef, Examiner



Agus Tri Basuki, SE., M.Si.
Co-Examiner

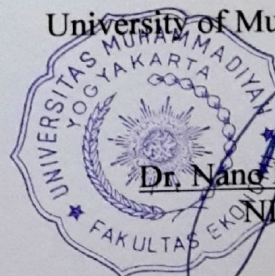


Lilies Setiyartiti, SE., M.Si
Co-Examiner

Approved by,

Dean of Faculty of Economics

University of Muhammadiyah Yogyakarta



Dr. Nano Prawoto, SE., M.Si
NIK. 143.016

DECLARATION

Name : Susilo Nur Aji Cokro Darsono

Student Number : 20110430007

I hereby declare that this undergraduate thesis entitled **“The Analysis of Inter-influence among Global Islamic Index, Regional Islamic Index, Macroeconomics Variables and Indonesia Islamic Index (Case Study of Jakarta Islamic Index (JII), Period 2010 – 2014)”** does not consist of any content that ever being proposed for any degree in other university, ideas of any research and publication of others, in exception all quotes and ideas which are purposely taken are considered as the research references and listed in the reference list. Therefore, if any violation of intellectual right is found in this study, I agree to accept any relevant academic consequences.

Yogyakarta, January, 26th 2015

Susilo Nur Aji Cokro Darsono

MOTTO

*Jangan cari kemuliaan di kampung kelahiranmu
Sungguh kemuliaan itu ada dalam perantauan di usia muda
Singsingkan lengan baju dan bersungguh sungguhlah menggapai impian
Karena kemuliaan tak akan bisa diraih dengan kemalasan
Jangan bersilat kata dengan orang yang tak mengerti apa yang kau katakan
Karena debat kusir adalah pangkal keburukan
Orang berilmu dan beradab tidak akan diam di kampung halaman
Tinggalkan negerimu dan merantaulah ke negeri orang
Merantaulah, kau akan dapatkan pengganti dari kerabat dan kawan
Berlelah-lelahlah, manisnya hidup terasa setelah lelah berjuang
(Syair Imam Syafi'i)*

- **MAN JADDA WAJADA**

Siapa yang bersungguh-sungguh akan sukses

- **KNOWING IS NOT ENOUGH, WE MUST APPLY. WILLING IS NOT ENOUGH, WE MUST DO. (Bruce Lee)**
- **TO DREAM TO BELIEVE TO TRY**
- **DON'T QUIT TILL YOU GOT NOTHING LEFT**
- **I LOVE LIVING LIFE, I AM HAPPY**

ABSTRACT

The purpose of this study is to examine the relationship among Global Islamic Index, Regional Islamic Index, Macroeconomics Variables and Indonesia Islamic Index. The global islamic index is Dow Jones Islamic Market Index. The Regional Islamic Index is FTSE Bursa Malaysia Hijrah Shariah Index. The macroeconomics variables such as exchange rate, consumer price index, money supply and Bank Indonesia interest rate. The Indonesia Islamic Index is Jakarta Islamic Index. The methodology used in this study is Cointegration test to find the long-run relationship among these variables, furthermore Vector Error Correction Model (VECM) were used to find any short-run relationship among these variables. The period of this study is January 2010 to December 2014. The result showed that there is cointegration (long-run relationship) among JII, DJIM, FHSI, M2 and BIR. The VECM estimation result show that in the short term, JII influenced by DJIM and M2 positive significantly. Meanwhile, FHSI, EXRATE, CPI and BIR negatively significant influence JII.

Keywords: *Islamic Stock Market, Jakarta Islamic Index (JII) Dow Jones Islamic Market Index (DJIM), Cointegration, VECM.*

INTISARI

Tujuan dari penelitian ini adalah untuk menguji hubungan antara Indeks Islami Global, Indeks Islami Regional, Variabel Makroekonomi dan Indeks Islami Indonesia. Indeks Islami Global adalah Indeks *Dow Jones Islamic Market*. Indeks Islami Regional adalah Indeks *FTSE Bursa Malaysia Hijrah Shariah*. Variabel-variabel makroekonomi adalah nilai tukar, indeks harga konsumen (IHK), jumlah uang beredar (JUB) dan suku bunga Bank Indonesia. Indeks Islami Indonesia adalah *Jakarta Islamic Index (JII)*. Metodologi yang digunakan di penelitian ini adalah uji kointegrasi untuk mengetahui hubungan jangka panjang diantara variabel-variabel tersebut, lebih lanjut uji *Vector Error Correction Model (VECM)* digunakan untuk mengetahui hubungan jangka pendek antara variabel-variabel tersebut. Periode yang digunakan dalam penelitian ini adalah dari Januari 2010 sampai Desember 2014. Hasil dari penelitian ini menunjukkan bahwa ada kointegrasi (hubungan jangka panjang) diantara JII, DJIM, FHSI, M2 dan BIR. Hasil dari VECM tersebut menunjukkan bahwa dalam jangka pendek, JII dipengaruhi oleh DJIM dan M2 secara positif signifikan. Sedangkan, FHSI, EXRATE, CPI dan BIR mempengaruhi JII secara negatif signifikan.

Keywords: *Pasar Modal Islamic, Jakarta Islamic Index (JII) Dow Jones Islamic Market Index (DJIM), Cointegration, VECM.*

ACKNOWLEDGEMENT

Bismillahirrahmanirrahim

All praise to the God Almighty Allah S.W.T the most gracious and merciful for His guidance and blessing during this research is conducted. Peace and salutation always be to the Prophet Muhammad peace be upon him altogether with his accompanies.

After the establishment of this study on **“The Analysis of Inter-influence among Global Islamic Index, Regional Islamic Index, Macroeconomics Variables and Indonesia Islamic Index (Case Study of Jakarta Islamic Index (JII), Period 2010 – 2014)”** the author gives special appreciation to the parties in supporting the accomplishment of this study. In particularly they are:

1. The honorable Prof. Dr. Bambang Cipto, MA., as Rector of University of Muhammadiyah Yogyakarta.
2. The respectable Dr. Nano Prawoto, SE., M.Si., as Dean of Economics Faculty.
3. The respectable Dr. Masyhudi Muqorobin, SE.,Akt., M.Ec., as Director of International Program for Islamic Economics and Finance UMY and also Dr. Imamudin Yuliadi, SE., M.Si as Head of Economics Department for all supports, advices and guidance.

4. The respectable Agus Tri Basuki, SE., M.Si as my supervisor together with Dr. Masyhudi Muqorobin, SE., Akt., M.Ec., for all priceless helps, supports, advices, guidance, all material and non-material dedications.
5. Dear all IPIEF lectures and IPIEF staff: Dr. Wahdi Yudhi, Diah S Dewanti, M.Sc., Yuli Utami, M.Ec., Dr. Firman Pribadi, Dr. Jaka Sriyana, Dr. Abdul Hakim, Mr. Hudyanto, Ayif Faturahman, M.Si, Dr. Endah Saptuti, Hendrianto, M.Ec, Anggi Rahajeng, M.Ec, Mr. Umar, MA, Mr. Sahlan, Mrs. Linda Kusumastuti, SE and Mrs. Novi Diah, MM.
6. The beloved family: Mr. Suparji (father), Mrs. Chasmiati (mother), Mufrih Nur Huda, Mufid Hayyu Nur, Irfan Ghalib Ramadhan (little brother), Mrs. Yatini (grandmother), Tri Yuli Nuryanti and Dwi Yuniarsih (aunty), dr. Nova and dr. Novi (sisters), Harry, Amriel Domi, Slamet Haryadi and Agus Riyadi (uncle), all my cousins (Bella, Vani, Fikri, Garra, Dilla and etc.) and Pak Royo's Family.
7. The beloved friend Delvi Syelvia for all support and pray.
8. The great senior: Febryan Mujahid Panatagama, SE, Faiza Husnayeni, SE, Venia Prissy R, SE and Ary Pratama for all advice and support.
9. The amazing friends in IPIEF 2011, Latifan Dian Iriani, Yusrina Adani, Intan Afifi, Kharisa Herdayanti, Al Fiqa Rachman P, Maisaroh Samaae, Amalia Ansiera, Finartih Alfiani, Sarah Azzahra, Fisabilillah, Aswab Wibawa and Noval Zulkarnaen.
10. The great friends in IPIEF 2010 (Egan, Briyan, Robin, Abdil, Rijal, Felisma), IPIEF 2012, 2013 and 2014 and the uncountable colleagues.

11. The best friends: Bilingual Squads and Smansa Pontianak Colleagues.

Hopefully, this research will give benefit to society especially for investors of Islamic Capital Market to increase their profit and good portfolio management. (Amin Ya Rabbal Alamin).

Yogyakarta, January, 26th 2015

Susilo Nur Aji Cokro Darsono

CONTENTS

TITLE PAGE.....	i
SUPERVISORS AGREEMENT PAGE.....	ii
AUTHORIZATION PAGE.....	iii
DECLARATION.....	iv
MOTTO PAGE.....	v
TRIBUTE PAGE.....	vi
ABSTRACT.....	vii
ACKNOWLEDGEMENT.....	ix
CONTENTS.....	xii
LIST OF TABLE.....	xiv
LIST OF FIGURE.....	xv

CHAPTER I INTRODUCTION

1.1 Background	1
1.2 Research Limitation	9
1.3 Research Question.....	9
1.4 Research Objectives	10
1.5 Research Benefits.....	10

CHAPTER II THEORITICAL FRAMEWORK AND HYPOTHESIS

2.1 Theories.....	12
2.2 Previous Studies	26
2.3 Theoritical Framework and Hypothesis.....	28
2.4 Hypothesis.....	33

CHAPTER III RESEARCH METHODOLOGY

3.1 Research Variables and Data Type	35
3.2 Data Collecting Method and Sources.....	35
3.3 Research Model and Definitions.....	36

3.4	Operational Definition	38
3.5	Analysis Method	40
3.6	Research Plan	45
CHAPTER IV RESEARCH FINDINGS		
4.1	Research Variables Overview	47
4.2	Research Methodology.....	49
4.3	Descriptive Statistics.....	50
4.4	Unit Root Test.....	52
4.5	Cointegration Test.....	55
4.6	Vector Error Correction Model Estimation.....	57
4.7	Variance Decomposition Test.....	67
4.8	Economic Analysis on VECM Estimation Result	68
CHAPTER V CONCLUSION		
5.1	Conclusion.....	71
5.2	Suggestion.....	72
REFERENCES.....		73
APPENDIX		xvi

LIST OF TABLE

2.1 Stock Listed in Jakarta Islamic Index	18
2.2 Previous Studies	26
3.1 Definitions and Transformation of Variables	34
4.1 Research Variables.....	46
4.2 Descriptive Statistic	49
4.3 Unit Root Test – Augmented Dickey-Fuller.....	51
4.4 Lag Length Criteria.....	53
4.5 Cointegration Test – Johansen Juselius	54
4.6 Long-run Relationship	55
4.7 Vector Error Correction Model (VECM) Result	56
4.8 Variance Decomposition Result.....	67

LIST OF FIGURE

1.1 The Pattern Movement of Jakarta Islamic Index (JII)	4
2.1 Research Framework.....	32
3.1 VAR/VECM Analysis Process	43
4.1 Cause Direction on Short-Run Causal Relationship VECM	60
4.6.1 Partial t-test of DJIM(2) to JII.....	61
4.6.2 Partial t-test of FHSI(2) to JII	62
4.6.3 Partial t-test of FHSI(3) to JII	62
4.6.4 Partial t-test of FHSI(4) to JII	63
4.6.5 Partial t-test of LNEXRATE(4) to JII.....	63
4.6.6 Partial t-test of CPI(4) to JII.....	64
4.6.7 Partial t-test of LNM2(4) to JII.....	65
4.6.8 Partial t-test of BIR(4) to JII	65
4.6.9 VECM Simultaneous f-test of JII, DJIM, FHSI, EXRATE, CPI, M2 and BIR	66