ABSTRACT

This study analyzes the effect of macroeconomic variebles proxied by inflation, interest rates, exchange rates, GDP, the price of crude oil, the price of major commodity and wages to composite index in Southeast Asian countries include Indonesia, Malaysia, Singapore, Philippines, and Thailand. Population and sample of this research are the data of inflation, interest rates, exchange rates, GDP, the price of crude oil, the major commodity and wages in their respective countries, which are Indonesia, Malaysia, Singapore, Philippines, and Thailand. This study uses time series data and the sample retrieval technique in this research is using purposive sampling method by the following criteria: (1) the data available for 2001 to 2015, (2) the data available in each country, which are Indonesia, Malaysia, Singapore, Philippines, and Thailand.

Data analyzing techniques were using the Generalized Autoregressive Conditional Heteroscedasticity models (GARCH) and Threshold Autoregressive Conditional Heteroscedasticity (TARCH). In this study also tested the data stationery, heteroscedasticity, normality, multicollinearity and autocorrelation to support the analysis techniques by GARCH and TARCH method. The data in this study are the dynamic data not the static data, therefore more appropriate to use the Eviews program.

The results of this study are (1) inflation has a negative and significant effect on composite index in Indonesia, Malaysia, Singapore and Philippines. But in Thailand, inflation has a positive and significant effect on composite index. (2) Interest rates has a negative and significant effect on composite index only in Thailand. But in Indonesia, Malaysia, Singapore and Philippines, the interest rate has a positive and significant effect on composite index. (3) Exchange rate has a positive and significant effect on composite index in Malaysia and Thailand. While in Singapore, even the exchange rate has a positive effect on composite index but not significant. But in Philippines, exchange rate has a negative and significant effect on composite index. While in Indonesia, even the exchange rate has a negative effect on composite index but not significant. (4) GDP has a positive and significant effect on composite index in Indonesia, Malaysia, Singapore and Philippines. But in Thailand, GDP has a negative and significant effect on composite index. (5) Crude oil price has a positive and significant effect on composite index in Indonesia, Malaysia and Singapore. While in Philippines and Thailand, even crude oil price has a positive effect on composite index but not significant. (6) The primary commodity price has a positive and significant effect on composite index only in Singapore. While in Malaysia, even the primary commodity price has a positive effect on composite index but not significant. But in Philippines and Thailand, the primary commodities price has a negative and significant effect on composite index. While in Indonesia, even the primary commodity price has a negative effect on composite index but not significant. (7) Wage has a positive and significant effect on composite index in Indonesia, Malaysia, Singapore and Thailand. But in Philippines, wage has a negative and significant effect on composite index.

This study has a benefit for capital market investors who want to invest in the capital market in Southeast Asia, especially in Indonesia, Malaysia, Singapore, Philippines and Thailand can consider to various macroeconomic factors such as inflation, interest rates, exchange rates, GDP, crude oil price, primary commodity price and wage because based on the results of this study, these variables have a significant effect on composite index in these countries.

Keywords: macroeconomic variables, composite index, GARCH, TARCH, Southeast Asian countries.