

## **ABSTRACT**

*The Indonesian Sharia Stock Index (ISSI) is an important indicator that reflects the performance of sharia-compliant stocks in the Indonesian capital market. However, the growth of ISSI is not synchronized with the increase in the number of Islamic investors, Islamic stocks listed in ISSI, and ISSI market capitalization. Macroeconomic variables such as inflation, interest rates, money supply, and exchange rates often affect ISSI performance. This study aims to analyze the effect of macroeconomic variables such as inflation, interest rates, money supply, and exchange rates on the Indonesian Sharia Stock Index (ISSI) from 2019 to 2023.*

*The method in this research used Multiple Linear Regression. The data used is secondary data obtained from the official websites of the Central Statistics Agency (BPS), Bank Indonesia (BI), including monthly data on inflation, interest rates, money supply, exchange rates, as well as ISSI monthly closing data from the Indonesia Stock Exchange (IDX). Descriptive statistical analysis was conducted to describe the characteristics of the data, followed by classical assumption tests to ensure that the data meets the BLUE (Best Linear Unbiased Estimator) requirements. Normality, multicollinearity, heteroscedasticity, and autocorrelation tests were conducted to ensure the validity of the regression model used.*

*The results showed that inflation, and money supply have a positive and significant effect on the Indonesian Sharia Stock Index (ISSI). Meanwhile, interest rates, and the exchange rate has a negative and significant effect on the Indonesian Sharia Stock Index (ISSI). These findings indicate that fluctuations in inflation, interest rates, money supply, and exchange rates are important factors that must be considered by investors and policymakers in managing and anticipating movements in the Islamic stock market in Indonesia. By understanding the influence of these macroeconomic variables, it is expected that strategic steps can be taken to increase the attractiveness and stability of investment in ISSI.*

*Keywords: Indonesia Sharia Stock Index, Inflation, Interest Rate, Money Supply, Exchange Rate.*

**FEB UNDIP**