





## The Effect of The Rupiah Exchange Rate on Inflation-Mediated Stock Prices in PT Unilever Indonesia Tbk

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### ABSTRACT

Indonesia's large population presents significant opportunities for the consumer goods industry. However, a company's ability to sustain its stock price requires careful consideration of macroeconomic variables. This study investigates the effect of the Rupiah exchange rate on the stock price of PT Unilever Indonesia Tbk during the period from 2022 to 2023. Employing a quantitative approach, the research examines macroeconomic data, particularly the Rupiah exchange rate, obtained from Bank Indonesia. Using purposive sampling, the study focuses on data relevant to the research period. Multiple linear regression analysis is applied to assess the relationship between the Rupiah exchange rate and stock price. The findings reveal that the Rupiah exchange rate has a significant impact on the stock price of PT Unilever Indonesia Tbk.

**Keyword:** Rupiah Exchange Rate, Stock Price



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## 1. INTRODUCTION

The large population growth in Indonesia will create a wide consumer base and for the distribution of products and services. A wide range of consumers with consumption levels in Indonesia shows an increasing trend in line with economic growth, urbanization, and the development of the middle class [1]–[3]. Consumption in Indonesia in terms of the growth of the middle class in Indonesia increases purchasing power and demand for various consumer products. Meanwhile, in terms of demographics, more than 50% of Indonesia's population is under 30 years old, creating a dynamic and open market to new technologies, fashion, and modern lifestyles. The great opportunities created in Indonesia regarding market development, of course, there are challenges for companies that are facing, especially in terms of macroeconomic conditions [4], [5]. Over the past four years, judging from Indonesia's economic growth, it has shown various dynamics in the midst of uncertain global conditions [6], [7].

- 1 In 2020, Indonesia's economy contracted by 2.1% due to the COVID-19 pandemic. However, in 2021, the economy began to recover with a growth of around 3.7%.
- 2 2022 showed a stronger recovery with economic growth reaching 5.3%, driven by a surge in export commodities that replaced weak domestic demand.
- 3 In 2023, economic growth is expected to slow to around 4.8% due to weakening commodity prices and normalization of domestic demand ([Asian Development Bank](#)).
- 4 Early 2024 data shows economic growth in the first quarter of 5.11% (year-on-year), driven by household consumption and government spending ([Bank Indonesia](#)).

Factors that affect the macroeconomy can also be seen from the weakening of the economy in Indonesia can also be seen in the rupiah exchange rate against the value of the US dollar or US\$. 1. Results of the rupiah exchange rate weakening until this year aimed at the trend below [8], [9]



Figure 1. Rupiah Exchange Rate

Indonesia has great market potential for household products. The large population makes many opportunities open for companies whose performance is open on the IDX such as unilever continues to innovate and diversify their products to meet the needs of the dynamic market and increase the value of shares. Unilever has challenges not only regarding macroeconomic influence, but also the problem of boycotts due to geopolitical issues. This problem certainly affects sales and stock prices on the Indonesia Stock Exchange (IDX). Based on the above phenomenon, unilever to maintain stock conditions must certainly take into account the conditions of macroeconomic variables. The researcher used inflation variables, rupiah exchange rates, and economic growth to look at these macro variables against Unilever's share price [10]–[12].

The researcher used the rupiah exchange rate variable to see the macro variable against the share price of the Unilever company. Referring to Utami's previous research (2023), in his research, the factors that affect stock prices are inflation, BI rate, and rupiah exchange rate. According to Najidah (2022), what affects stock prices is inflation, rupiah exchange rate, and economic growth. The results of his research show that the rupiah exchange rate is significant to stock prices [13]–[16]. Meanwhile, economic growth is not significant to stock prices. In contrast to other researchers, according to Hidayat and Andriyani (2024), which affects stock prices, rupiah exchange rates, and inflation. Meanwhile, the results of his research show that the rupiah exchange rate is not significant to the stock price. According to Najidah (2022), the factors that affect stock prices are inflation, the rupiah exchange rate, and economic growth. Utami (2023) in his research the factors that affect stock prices are inflation, BI rate, and rupiah exchange rate. The results show that the rupiah exchange rate has no significant effect on stock prices. Based on the above background, the researcher took the title "The Effect of the Rupiah Exchange Rate on Stock Prices in PT Unilever Indonesia Tbk (UNVR) Companies Listed on the Indonesia Stock Exchange (IDX)" [17].

## 1. Literature Review

The grand theory in this study uses the Sustainability theory which discusses the Grand Theory in the context of stock prices refers to the big theories that provide a thorough explanation of how the stock market functions and the macroeconomic factors that affect stock prices. There are three forms of EMH: weak, semi-strong, and strong, each of which exhibits a different level of information efficiency in the stock price. According to EMH, no investor can consistently earn profits above the market average without taking additional risks. This theory, introduced by Harry Markowitz, prioritizes portfolio diversification to optimize returns with certain risks. In the context of stock prices, MPT helps investors understand how a combination of various assets can reduce the total risk of a portfolio.

Middle ring theory This research focuses more on specific aspects of stock prices and provides a more detailed and contextual explanation of analyzing stock prices based on a company's financial performance, such as revenue, profit, cash flow, and financial ratios. Fundamental analysis seeks to determine the intrinsic value of a stock and compare it with the market price to identify whether the stock is overvalued or undervalued.

**2. METHODS**

The type of research used in this study is associative research. According to Sugiyono (2019), associative research is a formulation of a research problem that asks about the relationship between two or more variables. The variable linked in this study is the rupiah exchange rate (X) against the stock price (Y). With this research, it will be possible to build a theory that functions to explain the influence of the rupiah exchange rate on stock prices that will arise in a study. The population in this study is macro variables such as the rupiah exchange rate published in Bank Indonesia. The technique used in this study is non-probability sampling using a type of purposive sampling. The data collection technique used was documentation. Documentation is a way of collecting data related to variables in the form of books, journals, financial reports, newspapers and other literature that supports research. The documentation in this study was obtained based on data from the quarterly rupiah exchange rate report from 2022 to 2023 published on the Bank Indonesia (BI) website. For the data collection procedure in this study, the researcher used capacity research from the company's official website and reviewed various books, journals and other literature to obtain BI BI performance reports so that in this study the variables were measured clearly. In performing techniques or methods of analyzing data, multiple linear regression is used as one of the techniques. Before proceeding to hypothesis testing and classical assumption testing. If all of these conditions are met, the analysis model is feasible to use. The significance test of the hypothesis is conditional on a standard error of 5% and is declared significant if it is below 5%.

**3. RESULT AND DISCUSSIONS**

**3.1. RESULT**

**Test F**

The calculated F test is intended to test the regression model on the influence of all independent variables simultaneously on the dependent, This test can be seen on the F-test value, the F value in this study uses a significance level of 0.05, if the significance value  $F < 0.05$  then the regression model meets, while if the significance of  $F > 0.05$  then the regression model does not meet, The results of the test using the F test can be seen in the following table 1:

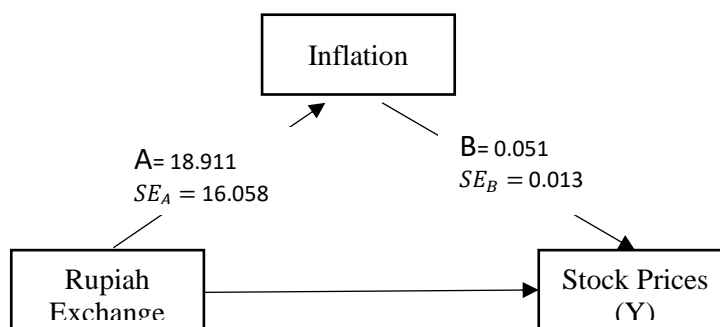
Table 1. Test Result F

ANOVA			
Type	F	Sig	Conclusion
Regression	10,292	0,024	Significant

From the table, it is obtained that F calculates 10.292 and a significance of 0.024, It can be seen that the significance value is less than 0.05, This shows that there is an influence of the rupiah exchange rate on the stock price of PT Unilever Indonesia Tbk.

**Uji Sobel**

After conducting a t-test to see the influence between variables, the next step is a mediation test. In this study, the mediation test was measured using the Sobel test. Based on the results of the sobel test, the results are obtained in Figure 2.



Sobel test statistic: 1.12794280  
Two-tailed probability: 0.12967204

Source: Researcher Processing, 2024

Figure 2. Sobel test

Figure 2 shows the results of the Sobel test. Based on Figure 1, the results show that the two-tailed probability value is  $0.12967204 > 0.05$  which is used as the basis for seeing the level of significance of the mediation test in a study. The results show that it can be concluded that Inflation (Z) does not mediate the Rupiah Exchange Rate (X) against financial sustainability.

### 3.2. DISCUSSIONS

Based on the significance value in table 1 above, F is calculated as 10.292 and the significance is 0.024, It can be seen that the significance value is less than 0.05, This shows that the influence of the rupiah exchange rate has a significant effect on the stock price of PT Unilever Indonesia Tbk. The same thing was conveyed by Harianto & Sudomo (2001), if the Rupiah exchange rate weakens, the cost of imports for production raw materials will increase. If production costs increase, the selling price will also increase, which will later have an impact on a decrease in consumer buying interest, so that it also has an impact on a decrease in sales value. Because of this, the dividends that will be paid to shareholders will be less and eventually have the opportunity to be abandoned by their investors. This condition can cause the stock price to fall because the supply for shares increases. In accordance with the researcher according to Najidah (2022) who explained that the rupiah exchange rate has a significant effect on stock prices. However, it is also different from researcher Utami (2023) who explained that the rupiah exchange rate does not affect stock prices. The results of several studies show that there are differences in research results. Therefore, to bridge the difference in the results of the study, this study aims to look at the role of inflation in mediating the influence between the rupiah exchange rate and stock prices. Based on the Sobel test, the results showed that the two-tailed probability value was  $0.12967204 > 0.05$ . This shows that it can be concluded that inflation (Z) does not mediate the rupiah exchange rate (X) against stock prices.

### 4. CONCLUSIONS

Indonesia's growing middle class and increasing purchasing power offer vast opportunities for local and international companies, particularly in the consumer goods sector. However, these opportunities come with challenges, especially in managing macroeconomic variables that can impact company performance. This study demonstrates that the Rupiah exchange rate significantly influences the stock price of PT Unilever Indonesia Tbk. The results indicate that fluctuations in the Rupiah can affect the company's stock performance, underlining the importance of macroeconomic monitoring for strategic decision-making. Additionally, the Sobel test results suggest that inflation does not mediate the relationship between the Rupiah exchange rate and stock prices. Companies should therefore focus on managing currency risk and understanding macroeconomic trends to safeguard their stock value and maintain investor confidence. Based on the results obtained by F calculated 10.292 and a significance of 0.024, it can be seen that the significance value is less than 0.05, This shows that there is an influence of the influence of the rupiah exchange rate on the stock price of PT Unilever Indonesia Tbk. Based on the Sobel test, the results showed that the two-tailed probability value was  $0.12967204 > 0.05$ . This shows that it can be concluded that inflation (Z) does not mediate the rupiah exchange rate (X) against stock prices.

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