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*By Universitas Muhammadiyah Sidoarjo*

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## Do Consumer Confidence Index and Macroeconomic Factors Drive the JKNONCYC Index? Evidence from an ARDL Framework

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### Abstract

**General Background:** Stock market movements reflect investor expectations, public information, and macroeconomic conditions that shape sectoral valuation. **Specific Background:** Indonesia's consumer non-cyclicals sector represents essential goods firms with relatively stable demand, yet the JKNONCYC index still responds to inflation, exchange rate movements, and consumer confidence during the post-pandemic recovery period. **Knowledge Gap:** Previous studies have mostly focused on broad market indices, while limited evidence examines consumer confidence, inflation, and exchange rates together in explaining JKNONCYC movements through short-run and long-run dynamics. **Aims:** This study aimed to analyze the relationship between the Consumer Confidence Index, inflation, exchange rate, and the JKNONCYC index using the Autoregressive Distributed Lag framework. **Results:** Monthly data from 2022 to 2024 were analyzed using ARDL. The variables were stationary at first difference, and the Bounds Test confirmed cointegration with an F-statistic of 10.49418. Inflation showed a negative and significant short-run relationship but was not significant in the long run. The exchange rate showed a positive and significant short-run relationship but was not significant in the long run. Consumer confidence was the most dynamic variable, showing significant negative, positive lagged, and long-run negative relationships. **Novelty:** This study applies ARDL to sector-specific consumer non-cyclicals index behavior during Indonesia's post-pandemic recovery period. **Implications:** The findings suggest that investors respond quickly to macroeconomic information, but responses depend on sector characteristics and market expectations.

### Highlights:

- Cointegration was confirmed with an F-statistic of 10.49418.
- Price pressure mattered only in the short-run model.
- Currency movement showed temporary positive market relevance.

**Keywords:** Consumer Confidence Index, Inflation, Exchange Rate, JKNONCYC, ARDL

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## Introduction

Consumption behavior is one of the key components in economic dynamics, particularly in developing countries such as Indonesia. Domestic economic activity is closely associated with household spending patterns. These patterns not only reflect prevailing economic conditions but also indicate how households perceive the overall economic environment, including their responses to various ongoing changes. The Consumer Confidence Index (CCI) captures how households assess current economic conditions as well as their expectations for the future[1]. Being perception-based, movements in the CCI do not always align with conventional macroeconomic indicators such as inflation or exchange rates. Changes in the CCI may occur more rapidly, for instance when households respond to information or perceived economic shifts, even before such changes are reflected in official economic data. The CCI is also closely related to household consumption behavior[2]. In certain circumstances, shifts in consumer sentiment may be followed by adjustments in spending behavior, such as increasing or restraining consumption. However, such responses are not uniform, as they are still influenced by other factors including income levels and price dynamics. Overall, the CCI is more appropriately interpreted as an indicator of the direction of household economic perceptions rather than a variable that directly reflects changes in actual economic activity[3].

From the perspective of expectation theory, economic agents tend to make decisions based on expectations regarding future economic conditions[4]. In capital markets, the Efficient Market Hypothesis (EMH) proposed by [5] Eugene Fama suggests that stock prices reflect publicly available information and investor expectations. Therefore, changes in inflation, exchange rates, and consumer sentiment may influence stock market movements as market participants respond to new economic information.

Besides perception-based indicators, inflation and exchange rates are also widely used to evaluate overall economic conditions. From the demand side, inflation is associated with changes in prices that affect household purchasing power and consumption behavior. From the supply side, inflation may increase firms' production and operational costs through higher prices of raw materials, energy, and distribution services[6]. Meanwhile, exchange rate movements are closely related to firm-level production activities because they affect the costs of imported inputs, production components, and foreign currency-denominated obligations. Firms that rely heavily on imported materials may experience rising production costs during periods of exchange rate depreciation. However, the effects of exchange rate movements may differ across firms depending on their operational characteristics, market orientation, and pricing flexibility[7].

These conditions are particularly relevant in the consumer non-cyclicals sector, which consists of firms producing essential goods with relatively stable demand. Despite its defensive characteristics, firms within this sector remain exposed to macroeconomic pressures arising from inflation and exchange rate fluctuations. Production and distribution activities in this sector still involve various cost components that are sensitive to changes in prices and exchange rates. Company responses to these pressures may vary depending on pricing strategies, operational efficiency, and prevailing market conditions[8]. During the post-pandemic recovery period, Indonesia experienced inflationary pressures, exchange rate volatility, and shifts in consumer sentiment occurring within a relatively short period. Although the consumer non-cyclicals sector is generally considered more resilient compared to cyclical sectors, movements in the JKNONCYC index still reflected varying responses to changing macroeconomic conditions and consumer perceptions across periods. This indicates that stock performance in defensive sectors may still be influenced by macroeconomic variables and perception-based indicators, even when demand for essential goods remains relatively stable.

Several previous studies have examined the relationship between macroeconomic variables, consumer sentiment, and stock market performance in Indonesia. In [7] found that exchange rate movements had a significant negative effect on the Composite Stock Price Index (IHSG), while inflation did not show a significant effect. Meanwhile[9], reported that investor sentiment and the Consumer Confidence Index significantly affected stock returns during the COVID-19 pandemic period in Indonesia. However, most previous studies focused on broader market indices rather than sector-specific indices such as consumer non-cyclicals. In addition, studies incorporating consumer confidence together with inflation and exchange rates in explaining JKNONCYC movements during the post-pandemic recovery period remain limited. Findings regarding the effects of inflation and exchange rates on stock market performance also remain mixed across sectors and periods. Therefore, this study contributes to the literature by examining both short-run and long-run relationships between the Consumer Confidence Index, inflation, exchange rates, and the JKNONCYC index using the Autoregressive Distributed Lag (ARDL) approach.

Based on these considerations, this study aims to analyze the effects of inflation, exchange rates, and the Consumer Confidence Index on the JKNONCYC index in Indonesia. The ARDL approach is employed to identify both short-run and long-run relationships as well as the adjustment process toward long-run equilibrium.

## Method

This study employs a quantitative approach using secondary data in the form of monthly time-series data covering the period from January 2022 to December 2024. The selected period represents the post-pandemic recovery phase in Indonesia, characterized by inflationary pressures, exchange rate fluctuations, and shifts in consumer sentiment. The

variables used consist of the consumer non-cyclicals stock index as the dependent variable, and inflation, exchange rate, and the Consumer Confidence Index as independent variables. The data are obtained from official publications of authoritative institutions such as the Indonesia Stock Exchange, Bank Indonesia, Statistics Indonesia, Investing.com through a documentation method. All data used are aggregate at the national level; therefore, no sampling technique is applied in this study. Operationally, The JKNONCYC index is used to represent stock price movements in the consumer non-cyclicals sector listed on the Indonesia Stock Exchange. Inflation is measured based on changes in the Consumer Price Index (CPI). The exchange rate is proxied by the Rupiah exchange rate against the United States Dollar, while the Consumer Confidence Index (CCI) reflects household perceptions and expectations regarding economic conditions.

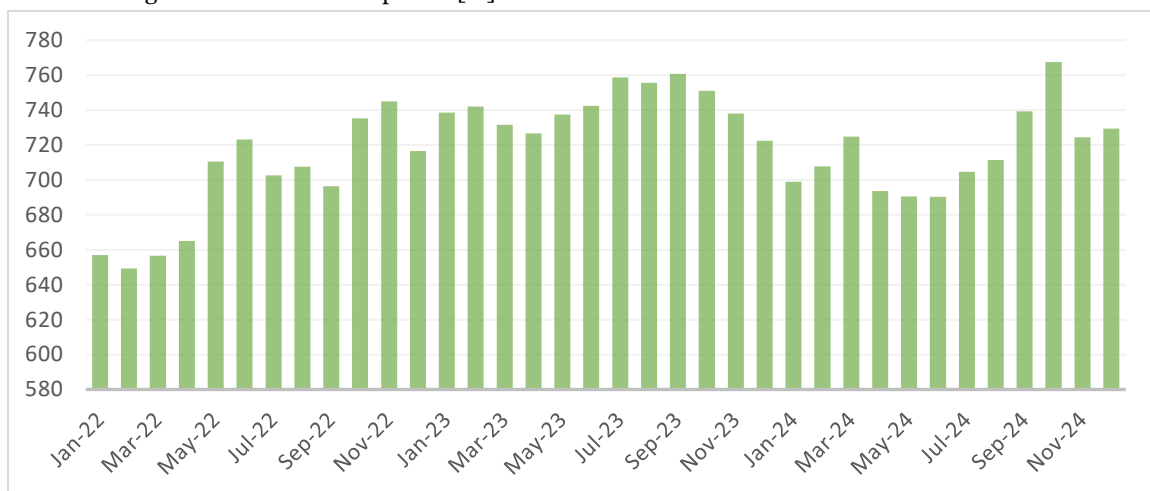
The analytical method employed is the Autoregressive Distributed Lag (ARDL) model to identify both short-run and long-run relationships among variables. This model is selected due to its ability to accommodate variables with different orders of integration, provided that none are integrated of order two,  $I(2)$ . The inclusion of lag structures in the ARDL model is intended to capture the dynamic relationships among variables, as the effects of macroeconomic variables are not always instantaneous but occur gradually over time. The optimal lag length is determined automatically based on the Akaike Information Criterion (AIC). The analysis begins with a stationarity test using the Augmented Dickey-Fuller (ADF) test to determine the order of integration of each variable, followed by a cointegration test using the Bounds Testing approach. Long-run and short-run estimations are then conducted using the Error Correction Model (ECM) framework to examine the adjustment process toward equilibrium. To ensure model validity and reliability, several diagnostic tests are conducted, including tests for normality, autocorrelation, and heteroskedasticity, as well as model stability tests using the CUSUM and CUSUM of Squares plots over the observation period [10].

## Result and Discussion

### A. Result

#### 1. Analysis of Variable Trends

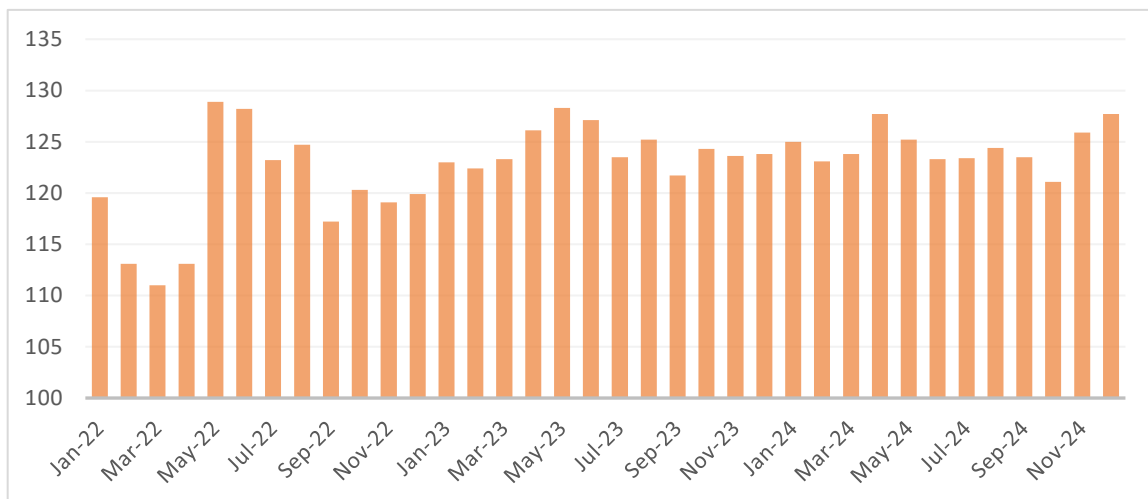
Figure 1 presents the movement of the JKNONCYC during the 2022–2024 period. The figure reflects changes in the performance of primary consumer goods stocks and illustrates how the market responded to macroeconomic conditions throughout the observation period [11].



**Figure 1.** Movement of the JKNONCYC Index in Indonesia, 2022–2024

The movement of the JKNONCYC index during the period from 2022 to 2024 generally showed an upward trend with fluctuating patterns. The index reached its lowest point in early 2022 before experiencing a relatively consistent increase throughout 2022 and 2023. This condition reflects the recovery of the consumer non-cyclicals sector during the post-pandemic period. During 2024, the index experienced several corrections and periods of weakening; however, it remained at a relatively higher level compared to the beginning of the observation period. The highest index level occurred at the end of 2024 before experiencing an adjustment in the subsequent period. Overall, the movement of the JKNONCYC index indicates that the consumer non-cyclicals sector maintained relatively strong resilience despite still being influenced by changes in macroeconomic conditions and market sentiment during the observation period.

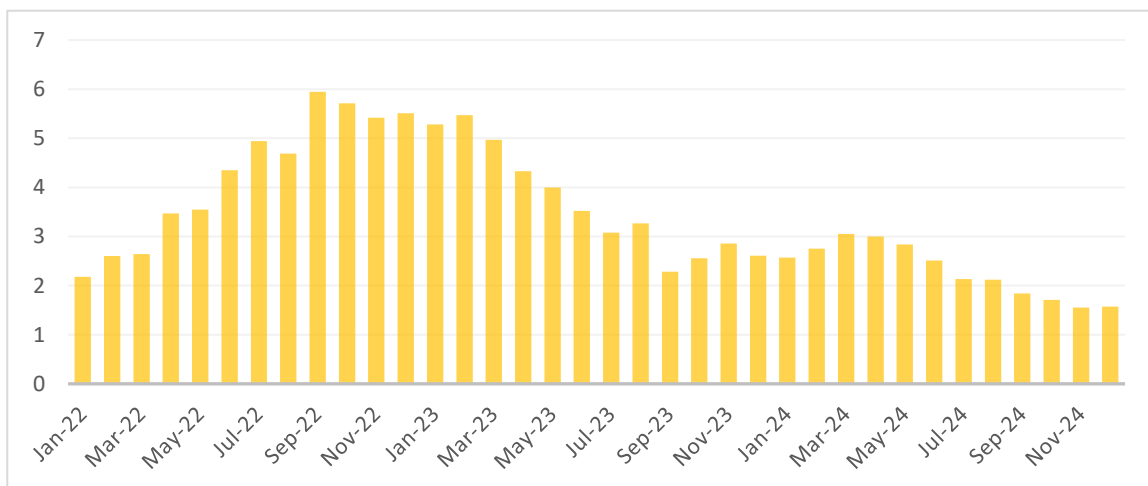
The shifts in Indonesian public sentiment regarding both present and future economic outlooks between 2022 and 2024 are captured through the Consumer Confidence Index (CCI) trends shown in Figure 2 [12].



**Figure 2.** Movement of the Consumer Confidence Index in Indonesia, 2022–2024

At the beginning of the period, Consumer Confidence index experienced a sharp decline, reaching its lowest point in March 2022 at 111, which represents the lowest level throughout the three-year observation period. However, this condition was short-lived, as the index surged significantly within the following two months to reach a peak of 128.9 in May 2022. This spike indicates a rapid improvement in consumer expectations within a short timeframe. Following this period, the index tended to move stably within a relatively moderate range through 2024, without revisiting the extreme points seen in early 2022. Overall, this pattern illustrates that the most significant fluctuations occurred at the beginning of the period, while in subsequent years, consumer expectations became more controlled and stable.

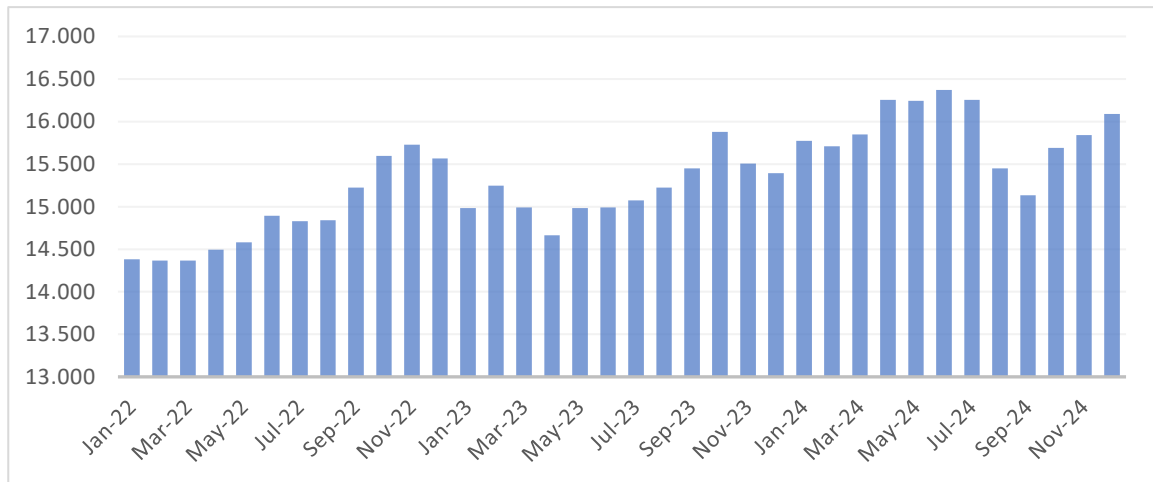
Figure 3 illustrates the development of monthly inflation rates in Indonesia over the 2022–2024 period, reflecting the dynamics of price stability and the impact of economic policies on public purchasing power throughout the observation period[13].



**Figure 3.** Movement of the Inflation in Indonesia, 2022–2024

During the observation period from 2022 to 2024, the inflation rate exhibited a highly dynamic pattern. Initially, inflation was relatively low at 2.18% in January 2022, but it experienced a sharp and consistent surge, peaking at 5.95% in September 2022. This period marked the most significant inflationary pressure within the three-year span. Following this peak, the trend began to shift toward a gradual decline throughout 2023. By the end of 2024, the situation had stabilized significantly, reaching its lowest point of 1.55% in November 2024. Overall, this pattern illustrates that while 2022 was characterized by high volatility and rising costs, the subsequent two years showed a successful transition toward a more controlled and stable inflationary environment.

Throughout the 2022–2024 period, Indonesia's currency exchange rate dynamics underwent various fluctuations, as detailed extensively in the chart presented in Figure 4[14].



**Figure 4.** Movement of the Exchange rate in Indonesia, 2022–2024

Throughout the 2022–2024 observation period, the exchange rate demonstrated a persistent upward trend with several notable fluctuations. At the start of the period, the currency remained relatively strong, hitting its strongest point in February 2022 at 14,365. However, volatility began to increase toward the end of 2022 and throughout 2023. The most significant pressure occurred in mid-2024, where the exchange rate surged to its peak of 16,370 in June 2024. While there was a brief period of appreciation in September 2024, the currency ended the three-year cycle on a weaker note at 16,090 in December. Overall, this pattern indicates that while the exchange rate started with high stability in early 2022, it faced increasing depreciation pressures and wider fluctuations as it approached the end of 2024.

## 2. Test Model

### a. Stationarity Test

This test is conducted using the Augmented Dickey-Fuller (ADF) method to determine the order of integration of each variable. The results of the stationarity test at both the level and first-difference forms are presented in Table 1.

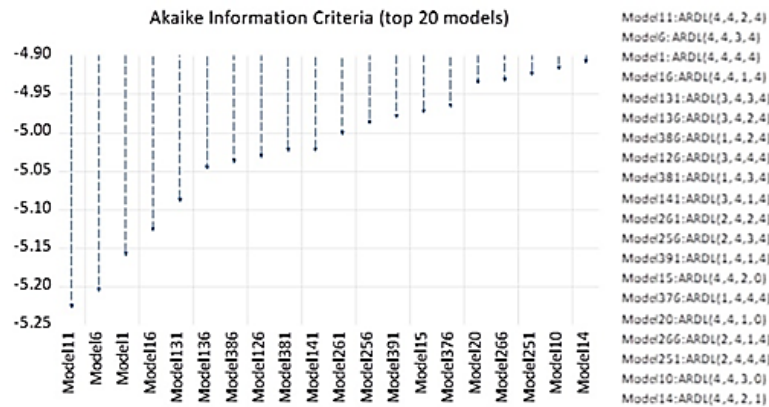
**Table 1.** Stationarity Test Results

Variabel	Level Prob	First Diff Prob	Keterangan
JKNONCYC	0.1078	0.0000	StasionerI (1)
INFLATION	0.9078	0.0001	StasionerI (1)
EXCRATE	0.3983	0.0002	StasionerI (1)
CCI	0.0525	0.0000	StasionerI (1)

Based on Table 1, all research variables, JKNONCYC, INFLATION, EXCRATE, and CCI, are non-stationary at the level form, as their probability values exceed the 0.05 significance level. After applying the first difference transformation, all variables become stationary, with probability values below 0.05. These results indicate that all variables are integrated of order one, I(1), which satisfies the key requirement for applying the Autoregressive Distributed Lag (ARDL) model.

### b. Optimal Lag Selection

To establish the most reliable model for this analysis, the selection of the optimal lag length is determined by evaluating various Akaike Information Criterion (AIC) values, as visually summarized in Figure 5.



**Figure 5.** Optimal Lag Result

Based on the evaluation of the 20 best models, the ARDL (4, 4, 2, 4) model is selected as the optimal specification due to its lowest AIC value. This indicates that the model provides the best balance between estimation accuracy and parameter efficiency in terms of the lag structure used.

### c. Cointegration Test (Bounds Test)

To determine the existence of a long-run relationship between the variables in the model, a cointegration test was conducted using the Bounds Test approach. The results of this test are presented in Table 2.

**Table 2. Bounds Test Result**

Test Statistic	Value	Signif.	I(0)	I(1)
F-statistic	10.49418	10%	2.37	3.2
k	3	5%	2.79	3.67
		2.5%	3.15	4.08
		1%	3.65	4.66

Based on Table 2, the F-statistic value of 10.49418 is higher than the upper bound (I(1)) critical value at the 1% significance level, which is 4.66. This result indicates the existence of a long-run cointegration relationship among the variables.

### d. Short-Run ARDL Estimation

The short-run estimation is conducted to examine the dynamic movements of variables on a monthly basis and to identify the speed of adjustment from short-run disequilibrium toward long-run equilibrium through the Error Correction Term (ECT). The results of the short-run ARDL (4, 4, 2, 4) model are presented in Table 3.

**Table 3. Short-Run ARDL Result**

Variable	Coefficient	Std. Error	t-Statistic	Prob.	Description
D(JKNONCYC(-1))*(ECT)	-1.495529	0.270972	-5.519116	0.0001	Significant
D(INFLATION (-1))	0.052250	0.045375	1.151516	0.2703	Not Significant
D(EXCRATE (-1))	-0.279841	0.287877	-0.972086	0.3487	Not Significant
D(CCI (-1))	-1.292933	0.419381	-3.082952	0.0087	Significant
D(JKNONCYC(-1),2)	0.333858	0.233656	1.428845	0.1766	Not Significant
D(JKNONCYC(-2),2)	0.496044	0.215913	2.297428	0.0388	Significant
D(JKNONCYC(-3),2)	0.318435	0.167921	1.896334	0.0804	Not Significant
D(INFLATION,2)	0.022470	0.030514	0.736369	0.4746	Not Significant
D(INFLATION (-1),2)	-0.090151	0.042881	-2.102342	0.0556	Not Significant
D(INFLATION (-2),2)	-0.193787	0.043482	-4.456740	0.0006	Significant
D(INFLATION (-3),2)	-0.193426	0.029892	-6.470850	0.0000	Significant
D(EXCRATE,2)	0.686512	0.211093	3.252183	0.0063	Significant
D(EXCRATE (-1),2)	0.271657	0.178246	1.524055	0.1514	Not Significant
D(CCI,2)	-0.531414	0.164180	-3.236786	0.0065	Significant
D(CCI (-1),2)	0.612667	0.242327	2.528265	0.0252	Significant
D(CCI (-2),2)	0.362974	0.172086	2.109267	0.0549	Not Significant
D(CCI (-3),2)	0.321390	0.118755	2.706321	0.0180	Significant

In the short-run estimation, the coefficient of the Error Correction Term (ECT) is -1.4955 with a probability value of 0.0001. The negative and statistically significant ECT confirms the existence of a long-run cointegration relationship among the variables. The magnitude of -1.4955 indicates a highly responsive speed of adjustment toward long-run equilibrium, implying that shocks from the previous period are corrected within a relatively short time (less than one monthly period).

### e. Long-Run ARDL Estimation

The long-run ARDL estimation results, which indicate the magnitude and significance of the relationship between the variables over time, are summarized in Table 4.

**Table 4.** Long-Run ARDL Result

Levels Equation					
Case 2: Restricted Constant and No Trend					
Variable	Coefficient	Std. Error	t-Statistic	Prob.	Description
D(INFLATION)	0.034938	0.030811	1.133950	0.2773	Not Significant
D(EXCRATE)	-0.187119	0.198977	-0.940403	0.3642	Not Significant
D(CCI)	-0.864532	0.343738	-2.515091	0.0258	Significant
C	0.001303	0.002272	0.573523	0.5761	Not Significant
EC = D(JKNONCYC) - (0.0349*D(INFLASI) -0.1871*D(KURS) -0.8645*D(CCI) + 0.0013)					

Based on the long-run estimation results presented in Table 5, the Consumer Confidence Index (CCI) exhibits a coefficient of -0.8645 with a probability value of 0.0258. This indicates that, in the long run, the CCI has a negative and statistically significant effect on the JKNONCYC index. In contrast, the Inflation and Exchange Rate variables have probability values of 0.2773 and 0.3642, respectively (both greater than 0.05), indicating that neither variable has a statistically significant long-run effect on the JKNONCYC index.

### f. Model Summary and Diagnostic Tests

To evaluate the robustness and validity of the model, an analysis of goodness of fit and classical assumption tests is conducted. This evaluation includes the coefficient of determination (R-squared), the joint significance test (F-statistic), and diagnostic tests consisting of autocorrelation, heteroskedasticity, and residual normality tests. The results of the goodness of fit and diagnostic tests are presented in Table 5.

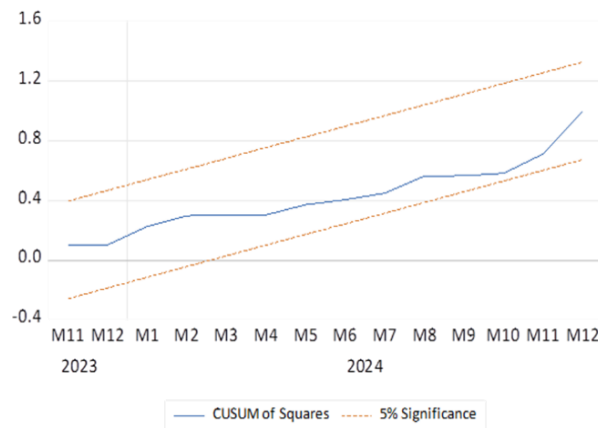
**Table 5.** Model Summary and Diagnostic Tests

Indicator	Value	Interpretation
R-squared	0.843382	The model explains 84.33% of the variation
Adjusted R-squared	0.638575	Adjusted for the number of variables
F-statistic	4.117926	Joint significance test
Prob (F-statistic)	0.006567	Statistically significant (< 0.05)
Durbin-Watson	2.185989	No autocorrelation detected
Prob (Autocorrelation)	0.7451	No autocorrelation
Prob (Heteroskedasticity)	0.2526	No heteroskedasticity
Prob (Normality)	0.8789	Residuals are normally distributed

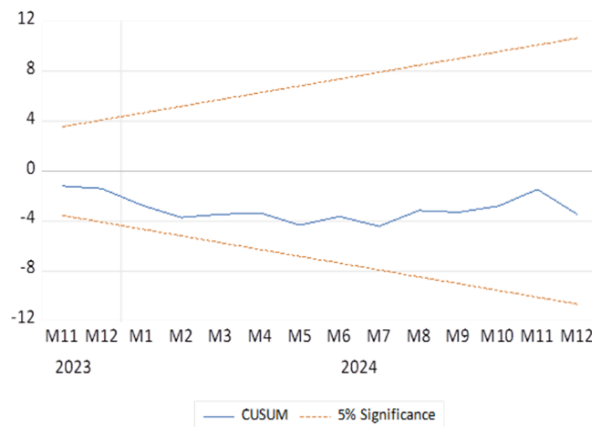
The R-squared value of 0.843382 indicates that the model is able to explain 84.33% of the variation in the JKNONCYC index, while the remaining variation is explained by other variables outside the model. The Prob(F-statistic) value of 0.006567, which is below the 5% significance level, indicates that the model is jointly statistically significant. Furthermore, the Durbin-Watson statistic, which is close to 2, suggests the absence of autocorrelation in the model. The diagnostic test results also indicate that the model does not violate classical assumptions, as there is no evidence of autocorrelation or heteroskedasticity, and the residuals are normally distributed.

### g. Model Stability Test

To validate the consistency of the long-run and short-run coefficients, stability diagnostics were performed. The results of the model stability test using the CUSUM parameter in Figure 6 and the CUSUM of Squares parameter in Figure 7 can be observed to evaluate the consistency of the model parameters throughout the study period.



**Figure 6.** Cusum Test



**Figure 7.** Cusum of Squares test

Based on Figure 6 Cusum and Figure 7 Cusum of Squares test, the blue statistic line remains within the critical bounds at the 5% significance level (red lines). This indicates that the parameters of the estimated ARDL (4, 4, 2, 4) model are stable over the observation period from January 2022 to December 2024. This model stability suggests that no significant structural breaks occurred during the study period, despite fluctuations in macroeconomic variables and market sentiment.

## B. Discussion

### 1. Effect of Consumer Confidence Index (CCI) on JKNONCYC

In the short run, at the current period, the Consumer Confidence Index (CCI) has a negative and statistically significant effect on JKNONCYC, with a coefficient of -0.531414 and a probability value of 0.0065. However, at the first lag, CCI shows a positive and significant effect with a coefficient of 0.612667 and a probability of 0.0252, while at the third lag it also remains positive and significant with a coefficient of 0.321390 and a probability of 0.0180. In the long run, CCI has a coefficient of -0.277786 with a probability value of 0.0258, indicating that an increase in CCI significantly reduces the JKNONCYC index.

These results indicate that the effect of CCI on the stock index is dynamic in the short run. An increase in CCI reflects rising optimism among consumers regarding current economic conditions and future economic prospects. However, at the current period, the negative effect suggests a portfolio reallocation from defensive sectors such as consumer non-cyclicals toward more cyclical sectors, which are perceived to offer higher returns when economic growth expectations improve.

Within the framework of the Efficient Market Hypothesis (EMH), information reflected in the CCI is quickly incorporated into stock prices through investor reactions. When CCI increases, investors not only assess current economic conditions but also form expectations about future profit opportunities. This leads to heterogeneous initial

market responses before adjustments occur based on real consumption conditions, as reflected in the alternating effects observed across different lags.

This finding is consistent with [9] who show that the Consumer Confidence Index has a negative and significant effect on Islamic stock returns in Indonesia. Their study explains that an increase in CCI may be followed by non-fully rational investor behavior, where optimism about economic conditions leads to portfolio adjustments toward other assets or sectors. This suggests that investor sentiment is driven not only by current conditions but also by expectations of future economic developments, which may generate contradictory market responses.

In the long run, the negative effect of CCI on JKNONCYC indicates that after the initial adjustment phase, investors tend to rebalance their portfolios and take profits, reallocating investments toward sectors that are more sensitive to economic growth, thereby reintroducing downward pressure on the consumer non-cyclicals sector.

## 2. Effect of Inflation on JKNONCYC

Based on the ARDL estimation results, inflation exhibits different effects in the short run and long run on the JKNONCYC index. In the short run, inflation is not statistically significant at the current period and the first lag, but shows a negative and significant effect at the second and third lags. In contrast, in the long run, inflation remains statistically insignificant, with a coefficient of 0.034938 and a probability value of 0.2773.

These findings indicate that market responses to inflation shocks do not occur immediately but require an adjustment process before being reflected in stock price movements. An increase in inflation reduces household purchasing power and raises firms' production costs, thereby potentially weakening corporate performance, particularly in the consumer non-cyclicals sector, which is closely related to essential goods and distribution activities.

This finding is consistent with previous empirical research by [15], which shows that inflation has a negative effect on firm performance in the consumer non-cyclicals sector in Indonesia. Rising inflation leads to higher prices of basic goods, which reduces sales volume and subsequently decreases firm profitability and market value.

These results indicate that the effect of inflation is more dominant in the short run, while becoming insignificant in the long run. This is consistent with the Efficient Market Hypothesis (Fama, 1970), which suggests that economic information such as inflation is quickly incorporated into stock prices through investor reactions. However, after the information adjustment process is completed and investors reassess firm fundamentals, the impact of inflation on stock indices becomes less dominant in the long run.

## 3. Effect of I Exchange Rate on JKNONCYC

Based on the ARDL estimation results, the exchange rate shows a positive and statistically significant effect in the short run at the current period, with a coefficient of 0.686512 and a probability value of 0.0063, while it becomes insignificant in the subsequent lag. In the long run, the exchange rate has a coefficient of -0.187119 with a probability value of 0.3642, indicating no statistically significant effect on the JKNONCYC index.

During the 2022–2024 period, market conditions were also influenced by the post-pandemic economic recovery, leading investors to focus more on domestic consumption prospects rather than external pressures from exchange rate fluctuations. From the perspective of the Efficient Market Hypothesis (EMH), information regarding exchange rate movements is quickly incorporated into stock prices through investor responses, although the adjustment process is still influenced by expectations of firm fundamentals and domestic economic conditions.

These findings suggest that the impact of the exchange rate is not limited to stock price movements but also reflects broader macroeconomic conditions. This is consistent with [16] who find that the exchange rate affects financial stability in Indonesia. Their study explains that rupiah depreciation may have a positive effect through improved economic competitiveness and strengthened real sector performance, but it can also increase financial risks when firms are exposed to foreign currency liabilities. Thus, the effect of the exchange rate is context-dependent and varies according to economic structure and sector characteristics.

In addition, [17] shows that the exchange rate has a significant effect on stock price movements, particularly the IHSG, in both the short run and long run. However, the relationship is not always stable and may vary across periods and economic conditions, indicating that the effect of the exchange rate on the stock market is dynamic.

The positive short-run effect of the exchange rate can be interpreted as a reflection of market optimism regarding the resilience of the consumer non-cyclicals sector in facing economic fluctuations, while the insignificant long-run effect suggests that fundamental factors play a more dominant role in driving the index movement.

## Conclusion

This study demonstrates that macroeconomic variables and consumer sentiment exert differing impacts on the JKNONCYC index. Inflation and the rupiah exchange rate are proven not to be long-term determinants of the index; instead, they function merely as risk signals and market sentiment indicators in the short run. This confirms the defensive nature of the consumer non-cyclicals sector against production cost fluctuations and weakened purchasing power. Meanwhile, the Consumer Confidence Index (CCI) is found to be the most dynamic factor triggering sector rotation. Although consumer optimism fundamentally supports corporate performance, in the long run, it encourages investors to reallocate their portfolios toward more aggressive sectors. Consequently, investing in JKNONCYC requires an adaptive strategy that considers economic cycles and market behavior to optimize investment decisions.

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