

## **ABSTRACT**

*The capital market plays a vital role in promoting economic growth, with the Indonesia Stock Exchange Composite Index (IHSG) serving as the primary indicator reflecting the performance of Indonesia's stock market. During the 2015–2024 period, the IHSG experienced fluctuations influenced by various factors, including external elements such as the Federal Reserve interest rate and domestic factors such as the BI Rate and trading volume. These three variables are presumed to provide important signals for investors in making investment decisions.*

*Signalling theory explains that economic information such as interest rate changes and trading volume serves as signals perceived by investors to assess market conditions and determine investment strategies. In this context, signals from monetary policy and market activity influence investors' expectations regarding risk and returns, which are ultimately reflected in the movement of the IHSG.*

*This study uses monthly data on IHSG, the Federal Reserve interest rate, BI Rate, and trading volume from the Indonesia Stock Exchange during the 2015–2024 period. The sampling technique used is purposive sampling, with a total of 120 observations. The study employs a descriptive quantitative approach with a multiple linear regression model, adjusted using the Newey-West estimation method to address autocorrelation and heteroskedasticity issues. Data processing was conducted using Stata software.*

*The results show that simultaneously, the Federal Reserve interest rate, BI Rate, and trading volume significantly affect the IHSG. Partially, the Federal Reserve interest rate has a positive and significant effect, the BI Rate has a negative and significant effect, while trading volume has a positive but not significant effect on the IHSG. These findings indicate that the IHSG is more responsive to global interest rate dynamics and domestic policy than to market activity in quantitative terms.*

*This study is expected to provide valuable insights for investors in responding to global and domestic economic signals in making investment decisions. In addition, the findings may serve as a consideration for monetary authorities in maintaining the stability of economic policy. Future researchers are encouraged to include other variables such as the global economic policy uncertainty index or foreign capital flow to gain a more comprehensive understanding of IHSG movements.*

*Keywords: BI Rate, federal funds rate, IHSG, signaling theory, trading volume*