Abstract

This research aims to find out the relation between US Dollar price or exchange rate and stock price. The relation included direction of the relation, and how fast US Dollar price fluctuation affects on stock price.

Stock price that observed is price of stock that listed in LQ45 list for 6 years (August 1999-January 2000 period until February 2006-July 2006). The stock price data and US Dollar price is collected during January 2000 until July 2006. The analysis is using Engle Granger ECM, with previously all data tested with Unit Root Test, Dickey Fuller Integration Test, and Augmented Dickey Fuller Cointegration Test.

The results show that there is significant relationship between US Dollar Price to stock price during January 2000-July 2006. And the relation is negative. The effects of US Dollar price fluctuation to stock price is direct or happened in short time.

Keywords: Relation, US Dollar, Stock Price, LQ45, Unit Root Test, Dickey Fuller Integration Test, Augmented Dickey Fuller Cointegration Test