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Analysis Of Macroeconomic Influences On The Islamic Stock Index In 11 OIC Countries For The Period 2014-2023

Analysis Of Macroeconomic Influences On The Islamic Stock Index In 11 OIC Countries For The Period 2014-2023.

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Abstract

This study aims to test and analyze the effect of inflation, economic growth and interest rates on the Islamic stock index in 11 OIC countries in 2014-2023. The type of research used in this study is descriptive quantitative while the data source used in this study is secondary data derived from the World Bank. The object of this research is 11 OIC countries. This study uses panel data with a cross section of 11 OIC countries and a time series for 10 years, starting from 2014 to 2023. The analysis method used is panel regression. The results of this study indicate that the best model is Fixed Effect. Based on the regression results, it is known that partially the independent variable interest rate has a negative and significant effect on the Islamic Stock Index. While the variables of inflation and economic growth have no influence on the Islamic stock index. Simultaneously, the independent variables, namely inflation, economic growth and interest rates, have a significant influence on the Islamic stock index in 11 OIC countries with a Prob (F-statistic) value of 0.00000 <0.05.

Keywords: Islamic Stock Index; Inflation; Economic Growth; Panel Regression; Interest Rates

1. Introduction

Islamic finance has become a global phenomenon characterized by many Islamic financial institutions and has a positive impact on the world economy. Global Islamic finance has grown to the development of Islamic products in the capital market sector. The Islamic capital market is one of the important elements that are developing in the Islamic financial system as a support for Islamic banking, Islamic insurance, and other Islamic financial institutions [1]. The growth of the Islamic financial services industry has also become a widespread phenomenon in almost all financial markets in the world. The growth of Islamic finance in the past decade has placed its position as a permanent part of the global financial system landscape [2]. The following is the data on 10 countries out of 57 OIC member countries that have the best Islamic finance industry in the world include:

Table 1. Best Islamic Finance Industry In The World

No	Negara	Peringkat
1	Malaysia	1
2	Arab Saudi	2
3	Indonesia	3
4	UEA	4
5	Bahrain	5
6	Kuwait	6
7	Yordania	7
8	Pakistan	8
9	Oman	9
10	Qatar	10

Source: IFDI, 2023

In [3] entitled the Islamic Finance Development Report (IFDI) 2023. The total Islamic financial assets owned by Malaysia reached USD 666 billion, Saudi Arabia reached USD 570 billion, Indonesia reached USD 277 billion, and the United Arab Emirates reached USD 99.6 billion. Malaysia, Saudi Arabia, Indonesia, United Arab Emirates, Bahrain, Qatar, Jordan, Kuwait, Pakistan, Oman and Turkey are the most active countries in developing Islamic finance including the Islamic capital market,

namely Islamic stocks. The global Islamic capital market continues to increase. In 2022, Islamic stocks also experienced an increase in market capitalization value to reach USD 70.5 billion. In the last decade, the Islamic capital market is the second largest contributor to the assets of the global Islamic finance industry after the banking sector.

The Islamic stock index is a statistic of the price movement of a group of Islamic stocks experiencing fluctuating stock prices. There are two factors that cause fluctuations in the stock index, including microeconomic factors such as company performance as seen from financial ratios. And macro factors such as inflation, economic growth and interest rates [4].

Inflation rate data tends to fluctuate up and down. Of the 11 OIC countries, Turkey is the country with the highest inflation rate in 2022 which reached 72.31, with the increase in high inflation will have an impact on the Islamic Stock Index in the country. This can allow problems to occur in the inflation variable on the Islamic Stock Index in Turkey. In inflation, when conditions of high inflation will make the price of goods or raw materials tend to increase. The increase in raw materials will make production high, so it will affect the decrease in demand. As a result, the number of sales will decrease and be followed by a decrease in revenue. Then it will have a bad impact on the company's performance which is reflected in the decline in stock prices [5].

The economic growth variable from 2014-2023 fluctuates up and down, especially in 2020 when Covid-19 occurs, the economic growth of each country weakens, and rises again for 2021-2023, and the Sharia Stock Index variable also fluctuates up and down, in Kuwait in 2023 economic growth weakened to -3.64 but the sharia index increased, this can allow between the two variables to experience problems. Because when the economy weakens it will reduce investment.

In terms of interest rates, if interest rates rise, investments linked to interest rates, such as time deposits, will rise. This can attract stock investors to move funds to deposits, so many will sell stocks and stock prices will fall. Therefore, changes in interest rates affect the price variability of a stock [6]. Based on the description above, researchers are interested in conducting research on "Analysis of the Macroeconomic Effect on the Sharia Stock Index in 11 OIC Countries in 2014-2023".

2. Literature Review

2.1 Maqashid Sharia

According to [7] is the meaning or wisdom or law that comes from Allah SWT which occurs in all or the majority of His provisions (not in certain laws). According to Al-Fasi, Maqasid Shari'ah is the purpose of Allah SWT in every law of His sharia. Ar-Risuni gives a clearer definition of Maqasid Shari'ah, which is the goal to be achieved by this sharia to realize the benefit of servants. Meanwhile, according to Imam al-Ghazali, safeguarding the intent and purpose of sharia is a fundamental effort to survive, restrain factors of damage and encourage prosperity. Maqashid Syariah theory explains that in sharia investment, economic activities must create balance and benefit. High economic growth can improve welfare, thus indirectly affecting the performance of the Islamic stock index. High inflation can cause economic imbalances and reduce the benefit of society. All aspects of the economy must create balance and benefit for a servant.

2.2 Keynes' Theory

This theory says that inflation can affect investments such as Islamic stocks by changing aggregate demand and reducing investor confidence. Inflation has a relationship and also has a negative impact on investment activities in the form of high investment costs. High investment costs will reduce the amount of investment in a country [8].

2.3 Slow Van Den Berg Theory

The theory proposed by Slow Van Den Berg (2005), which explains that an increase in investment such as stocks or bonds will affect GDP and will ultimately have a significant effect on economic growth. The concept of economic growth explains that the components that form economic growth are based on four wheels or four growth factors, one of which is capital formation sourced from investments such as stocks. This shows that capital formation is an important component that supports a country's economic growth. When economic growth increases, investments such as stocks will increase, this will cause the stock index to increase [9].

2.4 Classical Investment Theory

According to classical investment theory, every firm has an investment demand curve that has a negative slope. In the investment demand curve, there is a trade off between the interest rate and the level of investment, the lower the interest rate, the more investors will be interested in investing their capital to invest in the production sector rather than investing in savings [10].

3. Research Method

The type of research used is quantitative research. Research quantitative aims to show the development of research hypotheses by using research tools to collect data. Based on the type of data used in this research, namely secondary data. The data used are data on the Inflation, growth economy, interest and the Islamic stock index from 11 countries, namely Indonesia, Malaysia, UEA,

Saudi, Qatar, Turki, Bahrain, Pakistan, Yordania, Oman, Kuwait. The data used in this study was collected from calculations by World Bank from 2014-2023.

The data analysis technique used is the Panel Regression. Panel Regression aims to analyze the effect of independent variables on the dependent variable, both partially and simultaneously. The general Panel Regression model used in this study is:

$$Y_{it} = \beta_0 + \beta_1 X1_{it} + \beta_2 X2_{it} + \beta_3 X3_{it} + e_{it}$$

4. Results and Discussion

4.1 Descriptive Statistics

Descriptive statistics are a description of the data that can be seen from the average value, standard deviation, maximum, and minimum on each of the variables studied. The dependent variable in this study is the Islamic Stock Index and the independent variables are Inflation, Growth Economy and Interest. The results are as follows:

Table 2. Descriptive Analysis Results

Descriptive Analysis	Stock Index	Inflation	Growth Economy	Interest
Mean	35.91513	4.728016	2.874909	5.069091
Maximum	415.7800	72.31000	11.43000	40.00000
Minimum	0.035000	-2.00000	-5.90000	-10.0000
Std. Dev	105.8165	9.299771	3.197262	5.735160
Number of Observations	110	110	110	110

Source: Output Eviews 12

Based on the table above:
1. Based on Table shows the distribution of data for the Islamic Stock index variable. This variable is measured by the percentage increase or decrease in Islamic stocks during the year compared to a certain year which is the base year. The data distribution shows a minimum value of 0.035 index which is the number belonging to the country of Indonesia in 2021, a maximum value of 415.780 index which is the number belonging to the country of Kuwait in 2019, with an average value of 35.195 index and a standard deviation of 105.816 index. From these results, it shows that the average Sharia Stock index in each country is relatively large by looking at the far average and minimum values. While the data variance is relatively large by looking at the standard deviation value which is greater than the average value.
2. The data distribution for the Inflation variable. This variable is measured by the percentage increase or decrease in Inflation during the year compared to a certain year which is the base year. The data distribution shows a minimum value of -2.0 which is the number belonging to Saudi Arabia in 2019, a maximum value of 72.31 which is the number belonging to Turkey in 2022, with an average value of 4.72 and a standard deviation of 9.299771. The results show that the average Inflation in each OIC country is relatively small by looking at the proximity of the average and minimum values. While the data variance is relatively large by looking at the standard deviation value which is greater than the average value.
3. The data distribution for the economic growth variable. This variable is measured through a scale of increase or decrease in economic growth during the year compared to a certain year as the base year. The data distribution shows a minimum value of -5.9 which is the figure for Bahrain in 2020, a maximum value of 11.43 which is the figure for Turkey in 2021, with an average value of 2.87 and a standard deviation of 3.197. The results show that the average growth in each OIC country is relatively small by looking near the mean and minimum values. While the data variance is relatively large by looking at the standard deviation value which is greater than the average value.
4. The data distribution for the Interest Rate Percentage variable. This variable is measured through a scale of increase or decrease in the interest rate percentage during the year compared to a certain year as the base year. The data distribution shows a minimum value of -10.00 which is the number belonging to the country of Kuwait in 2017, a maximum value of 40.00 which is the number belonging to the country of Kuwait in 2015, with an average value of 5.06 and a standard deviation of 5.73. The results show that the average Interest Rate in each OIC country is relatively small by looking near the average and minimum values. While the variance of the data is relatively large by looking at the standard deviation value which is greater than the average value.

4.2 Chow Test

In this study, the approaches used to select the ideal model used for panel data regression between the Common Effect Model (CEM) and Fixed Effect Model (FEM) approaches. The following are the results of the chow test:

Table 3. Chow Test

Effcts Test	Statistic	d. f	Prob.

Cross-section F	913.144017	(10,96)	0.0000
Cross-section Chi-square	502.214764	10	0.0000

Source: Output Eviews 12

Based on table 3, obtained Cross-section F of 0.0000 < 0.05, it means that fixed effect is a better method than common effect.

4.3 Hausmant Test

The approaches used to select the ideal model used for panel data regression between the Fixed Effect Model (FEM) or Random Effect Model (REM) approaches.The results of the hausmant test can be seen as follows:

Table 4. Hausmant Test

Test Summary	Chi-Sq. Statistic	Chi-Sq. d. f	Prob.
Cross-section random	14.906398	3	0.0019

Source: Output Eviews 12

Based on table 4, obtained Cross-section random of 0.0019 < 0.05, it means that fixed effect is a better method than effect.

4.4 Regression Panel Model Estimation Results

Below are the results of testing the Regression Panel for each independent variable on the dependent variable:

Table 5. Regression Panel Test

Variable	coefficient	Std. Error	t-Statistic	Prob.
C	39.21475	1.933193	20.28497	0.0000
X1	0.042553	0.152207	0.279576	0.7804
X2	-0.306196	0.356413	-0.859106	0.3924
X3	-0.516963	0.231185	-2.236141	0.0277
Effect Spesification				
Cross-section random (dummy variables)				
Weighted Statistics				
R-squared	0.990647	Mean dependent var		35.91513
Adjusted R-squared	0.989380	S.D. dependent var		105.8165
S.E. of regression	10.90465	Sum squared resid		7.874074
F-statistic	782.1425	Durbin-Watson stat		1.335105
Prob(F-statistic)	0.000000			

Source: Output Eviews 12

Based on table 5 the general form of the estimation model obtained is as follows:

$$ISI_{it} = \beta_0 + \beta_1 INF_{it} + \beta_2 GROWTH_{it} + \beta_3 INT_{it} + e_{it}$$

By entering the parameter coefficient of each variable contained in Table, the Panel Data Regression estimation model is as follows:

$$ISI_{11.10} = 39.2147524876 + 0.0425532717512*INF_{11.10} - 0.306196386745*PERT_{11.10} - 0.516962716042*SBI_{11.10}$$

Based on the table above:
1. If the independent variable (independent) is considered constant, the value of the coefficient c in 11 OIC countries is 39.2147524876. Is the value of the dependent variable (ISI) when not influenced by other variables. This means that ISI will increase by 39.2 indices if the Inflation, Economic growth, and interest rate variables are 0.
2. The coefficient value on the Inflation variable is 0.0425532717512. This shows that if the value of Inflation increases by 1, it will increase the Islamic stock index by 0.04 with the assumption that other variables are considered constant. Because the relationship between ISS and Inflation is positive so that when Inflation increases, ISS will increase. Conversely, if the value of other variables is constant and the Inflation variable decreases by 1 index, the ISI variable will decrease by 0.04.
3. The coefficient value for the economic growth variable is -0.306196386745. This shows that if the value of economic growth increases by 1 index, it will reduce the Islamic stock index by 0.306 index, assuming other variables are considered constant. Because the relationship between ISI and economic growth is negative so that when economic growth increases, ISS will decrease. Likewise, if the value of other variables is constant and the economic growth variable decreases by 1 index, the ISS variable will increase by 0.306.
4. The coefficient value for the interest rate variable is - 0.516962716042. This shows that if the interest rate value increases by 1%, it will reduce the Islamic stock index by 0.51%, assuming other variables are considered constant. Because the relationship

between ISI and interest rates is negative so that when interest rates increase, ISI will decrease. Conversely, if the value of other variables is constant and the interest rate variable decreases by 1%, the ISS variable will increase by 0.51%.

4.5 Effect results in 11 OIC countries

The effect Cross section is as follow:

Table 6. Effect in 11 OIC countries

No	Negara	Effect
1	Malaysia	-33.48866
2	Arab Saudi	-35.43247
3	Indonesia	-35.24012
4	UEA	-36.46510
5	Bahrain	-33.48182
6	Kuwait	332.1966
7	Yordania	-34.18173
8	Pakistan	-32.62882
9	Oman	-23.61343
10	Qatar	-35.56036
11	Turki	-32.10410

Source: Output Eviews 12

From table 6 above, it can be explained that the value of effects in 11 OIC countries is as follows:

1. Effect In Malaysia
   The effect value in Malaysia is -33.48866. If the independent variable is considered constant, the value of the coefficient c in Malaysia is -33.48866. Is the value of the dependent variable (ISS) when not influenced by other variables. This means that the Sharia Stock Index in Malaysia will decrease by 33.48866 indices if the Inflation, Economic growth, and interest rate variables are zero.

2. Effect in Arab Saudi
   The effect value in Saudi Arabia is -35.43247. If the independent variable is considered constant, the value of the coefficient c in Saudi Arabia is -35.43247. Is the value of the dependent variable (ISS) when not influenced by other variables. This means that the Islamic Stock Index in Saudi Arabia will decrease by 35.43247 indices if the Inflation, Economic growth, and interest rate variables are zero.

3. Effect in Indonesia
   The effect value in Indonesia is -35.24012. If the independent variable is considered constant, the value of the coefficient c in Indonesia is -35.24012. Is the value of the dependent variable (ISS) when not influenced by other variables. This means that the Sharia Stock Index in Indonesia will decrease by 35.24012 indices if the Inflation, Economic growth, and interest rate variables are zero.

4. Effect in UEA
   The effect value in the UAE country is -36.46510. If the independent variable is considered constant, the value of the coefficient c in the UAE country is -36.46510. Is the value of the dependent variable (ISS) when not influenced by other variables. This means that the Islamic Stock Index in the UAE will decrease by 36.46510 indices if the Inflation, Economic growth, and interest rate variables are zero.

5. Effect in Bahrain
   The effect value in the country of Bahrain is -33.48182. If the independent variable is considered constant, the value of the coefficient c in the country of Bahrain is -33.48182. Is the value of the dependent variable (ISS) when not influenced by other variables. This means that the Islamic Stock Index in Bahrain will decrease by 33.48182 indices if the Inflation, Economic growth, and interest rate variables are zero.

6. Effect in Kuwait
   The effect value in the country of Kuwait is 332.1966. If the independent variable is considered constant, the value of the coefficient c in Kuwait is 332.1966. Is the value of the dependent variable (ISS) when not influenced by other variables. This means that the Sharia Stock Index in Kuwait will increase by 332.1966 indices if the Inflation, Economic growth, and interest rate variables are zero.

7. Effect in Yordania
   The effect value in the country of Jordan is -34.18173. If the independent variable is considered constant, the value of the coefficient c in the country of Jordan is -34.18173. Is the value of the dependent variable (ISS) when not influenced by other variables. This means that the Islamic Stock Index in Jordan will decrease by 34.18173 indices if the Inflation, Economic growth, and interest rate variables are zero.

8. Effect In Pakistan

The effect value in the country of Pakistan is -32.62882. If the independent variable is considered constant, the value of the coefficient c in Pakistan is -32.62882. Is the value of the dependent variable (ISS) when not influenced by other variables. This means that the Islamic Stock Index in Pakistan will decrease by 32.62882 indices if the Inflation, Economic growth, and interest rate variables are zero.

9. Effect in Oman

The effect value in the country of Oman is -23.61343. If the independent variable is considered constant, the value of the coefficient c in the country of Oman is -23.61343. Is the value of the dependent variable (ISS) when not influenced by other variables. This means that the Islamic Stock Index in Oman will decrease by 23.61343 indices if the Inflation, Economic growth, and interest rate variables are zero.

10. Effect in Qatar

The effect value in the country of Qatar is -35.56036. If the independent variable is considered constant, the value of the coefficient c in the country of Qatar is -35.56036. Is the value of the dependent variable (ISS) when not influenced by other variables. This means that the Islamic Stock Index in the country of Qatar will decrease by 35.56036 indices if the Inflation, Economic growth, and interest rate variables are zero.

11. Effect in Turki

The effect value in Turkey is -32.10410. If the independent variable is considered constant, the value of the coefficient c in Turkey is -32.10410. Is the value of the dependent variable (ISS) when not influenced by other variables. This means that the Islamic Stock Index in Turkey will decrease by 32.10410 indices if the Inflation, Economic growth, and interest rate variables are zero.

4.6 T-Statistic Test

The t-statistic regression panel is as follows:

Table 7. T Test Regression Panel Output

Variable	coefficient	Std. Error	t-Statistic	Prob.
C	39.21475	1.933193	20.28497	0.0000
X1	0.042553	0.152207	0.279576	0.7804
X2	-0.306196	0.356413	-0.859106	0.3924
X3	-0.51693	0.231185	-2.236141	0.0277

Source: Output Eviews 12

From table 6 above, it can be explained that the effect of the independent variable on the dependent variable partially is as follows:

1. T-Statistic test results of Inflation variable obtained t count of 0.279576 < t table 2.22814 and the probability value of 0.7804 > 0.05, meaning that Inflation has no influence on ISI in 11 OIC countries.
2. The results of the T-Statistic test of the economic growth variable obtained t count of -0.859176 < t table 2.22814 and the probability value is 0.3924 > 0.05, meaning that economic growth has no effect on ISI in 11 OIC countries.
3. The T-Statistic test results of the interest rate variable obtained t count of 2.236141 > t table 2.22814 and the probability value is 0.0277 < 0.05, meaning that interest rates have an influence on ISI in 11 OIC countries.

Table 8. F Test Regression Panel Output

F-statistic	782.412
Prob(F-statistic)	0.000000

Source: Output Eviews 12

The results of the F test analysis obtained the F value of 782.412 > F table of 1.93 and the probability value is 0.000000 < 0.05, which means that the variables of Inflation (X1), Economic Growth (X2), and Interest Rates (X3), have a significant effect simultaneously on the Islamic Stock Index in 11 OIC Countries.

Table 9. R-squared Test Regression Panel Output

R-squared	0.990647
Adjusted R-squared	0.989380

Source: Output Eviews 12

The R2 test results show a value of 0.990647. The coefficient of determination shows that the independent variables consisting of Inflation, Economic growth, and interest rates have the ability to explain the dependent variable, namely the Sharia Stock Index in 11 OIC countries by 99.06 percent. The remaining 0.94 percent is influenced by other factors.

4.7 Discussion

1. The Effect of Inflation on The Islamic Stock Index

Investment in stocks can provide good value preservation from the effects of inflation because stocks are claims on real assets [11]. The reality shows that inflation and the rate of recovery of investment in stocks are negatively related in the sense that high inflation is accompanied by a small rate of return on investment in stocks [12]. Companies use schemes to sell their shares. One way is to sell shares using a smaller price. With a smaller share price, it will be favored by investors. The more interested, the demand for shares increases so that the share price also increases [13].

In the discussion of Chapter II, it is stated that inflation can have a negative effect on the Islamic stock index, which in turn reduces the Islamic stock price index, due to the increase in the price of raw materials and the decrease in the value of the currency. Maqashid Syariah theory explains that in sharia investment, economic activities must create balance and benefit. High inflation can disrupt price stability and welfare, thus indirectly affecting the performance of the Islamic stock index [14].

From the results of the t test for the Inflation variable in 11 OIC countries, it was found that the calculated t value was 0.279576, the value proved to be smaller than the t table value of 2.22814 and the coefficient value was 0.042553 and the probability was 0.7804> 0.05, meaning that Inflation had no effect on ISS, and rejected the hypothesis put forward at the beginning of the study. This positive relationship means that rising inflation will affect the increase in the Islamic stock index. This can happen when inflation fluctuates up and down, it will not affect investor interest in investing in the Islamic capital market, because investors believe that even though experiencing inflation which causes an increase in the prices of goods as a whole, one day the Islamic Stock Index will strengthen and stabilize again. The results of this study are in line with research conducted by [15], and [16] which state that the Islamic Stock Index has no significant effect on Inflation. This is different from previous research, according to research by [17], and [18] Inflation has a significant influence on the Islamic Stock index.

2. The Effect of Economic Growth on The Islamic Index

In the discussion in Chapter II, it has been explained that economic growth can have a positive effect on the Islamic stock index. However, in the results of this study, economic growth actually has a negative effect on the Islamic stock index. According to [19] economic growth shows the extent to which economic activity increases income over a certain period of time. Economic activity generates a flow of benefits for the factors of production owned by the community because it is essentially the process of using these factors to make goods. Revenue for the country increases along with economic activity. Stock indices perform better when the country's income is higher. High economic growth can increase the trading volume of Islamic stocks.

From the results of the t test for the Inflation variable in 11 OIC countries, it was found that the t value was -1.045949, this value proved to be smaller than the t table value of 2.22814 and the coefficient value was 8.065363 and the probability was 0.3924> 0.05, meaning that economic growth has no effect on ISS, and rejects the hypothesis put forward at the beginning of the study. The absence of influence between economic growth and the Islamic Stock Index is due to one of the countries with the lowest economic growth, Malaysia with economic growth of -5.45, but in that year the Islamic stock index actually increased. This is because the Islamic stock index has a high dependence on certain sectors, such as the financial sector or the production sector. If these sectors do not have performance related to economic growth, then the Islamic stock index will also not have performance related to economic growth.

The results of this study are in line with research conducted by [20] which states that economic growth has no significant effect on the Sharia Stock Index. This is different from previous research, according to research by [21] Economic growth has a significant influence on the Sharia Stock index.

3. The Effect of Interest Rate on the Islamic Stock Index

From the results of the t test for the Interest Rate variable in 11 OIC countries, it was found that the t value was 2.236141> t table 2.22814 and the probability value was 0.0277 <0.05, meaning that the Interest Rate has a significant effect on the Islamic Stock Index in 11 OIC countries. This is in accordance with the hypothesis put forward at the beginning of the study.

In the discussion of Chapter II, it has been explained that interest rates have a negative and significant influence on the Islamic stock index. According to classical investment theory, each company has an investment demand curve that has a negative slope. In the investment demand curve, there is a trade off between interest rates and investment levels. The lower the interest rate, the more interested investors will be in investing their capital to invest in the production sector rather than investing in savings [22].

This is in line with the research conducted by [23] entitled "The Effect of Inflation, Interest Rates on the Indonesian Sharia Stock Index 2014-2020" The results of this study explain that there is a negative influence between interest rates and the Islamic stock index, if interest rates rise, the Islamic Stock index will decrease, and vice versa, if interest rates fall, the Islamic stock index will increase.

Thus, interest rates are very influential on a country's Islamic stock index. For this reason, special attention is needed so that interest rates can decrease so that the Stock Index can increase.

4. Simultaneuous Effect Of Inflation, Economic Growth, and Interest Rates on The Islamic Stock Index

From the test results that have been analyzed, the results of the F test for inflation, economic growth and interest rate variables in the period 2014 to 2023 simultaneously (simultaneously) have a significant influence on the Sharia Stock Index. This is evidenced by the calculated F value of 782.1425> F table of 1.93 and the probability value is 0.000000 <0.05. This means that all

independent variables Inflation (X1), Economic growth (X2), and Interest Rates (X3) simultaneously have an influence on the dependent variable of the Islamic stock index in 11 OIC countries. With this, the hypothesis put forward at the beginning of this study is accepted.

5   Conclusions

The Islamic Stock Index is an important element in every country, especially in Islamic countries, namely the 11 OIC countries. Therefore, it is important to be researched appropriately for efforts to increase it. Based on the results of research on the effect of inflation, economic growth and interest rates on the Islamic Stock Index in 11 OIC countries using the Fixed effect model. Thus, based on the selected model, inflation and economic growth are not proven to have a significant influence on the Islamic Stock Index. In contrast, interest rates have a significant and negative influence on the Islamic Stock Index in 11 OIC countries. Simultaneously, inflation, economic growth and interest rate variables have a significant influence on the Islamic Stock Index in 11 OIC countries.

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