

The Impact of Rising Gold Prices on Financial Markets and the Rupiah Exchange Rate

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ABSTRACT

Purpose: This study aims to examine the influence of global gold price movements on Indonesia's financial market indicators, namely the Rupiah exchange rate and the Jakarta Composite Index (JCI), during the 2020–2026 period.

Research Method: A quantitative associative approach was employed using monthly secondary time-series data collected from Investing.com, Bank Indonesia, and the Indonesia Stock Exchange. Multiple linear regression analysis was applied to assess the relationships among the variables.

Results and Discussion: The findings reveal that global gold prices are associated with fluctuations in Indonesia's financial markets. The JCI model yielded an R-Square value of 0.620 with a Significance F value of 3.22×10^{-17} , while the Rupiah exchange rate model produced an R-Square value of 0.373.

Implications: These results highlight the importance of monitoring gold price volatility in investment decision-making and financial stability policies.

Originality: This study simultaneously investigates the effects of global gold prices on both the Rupiah exchange rate and the JCI, providing evidence from Indonesia during the post-pandemic period.

Keywords: global gold prices; Jakarta composite index; rupiah exchange rate; haven theory; arbitrage pricing theory.

1. Introduction

Gold has long been recognized in the global financial literature as a safe-haven investment due to its ability to preserve wealth amid economic turmoil. Gold has a more stable intrinsic value than other paper assets (Harris & Shen, 2017). Therefore, in volatile market conditions, investors tend to engage in a flight-to-quality strategy by shifting their capital to gold to mitigate the risk of loss. This phenomenon became increasingly evident between 2020 and early 2026, as the world faced a series of extraordinary events, including the post-pandemic recovery, persistent geopolitical tensions, and global monetary policy uncertainty. This aligns with Abdosh (2025) view that gold serves as a crucial store of value for investors, particularly in maintaining wealth stability (hifzh al-mal) against the threat of inflation and complex macroeconomic uncertainty.

From the perspective of Safe Haven Theory, investors tend to transfer their investments to assets considered safer during periods of market instability. Gold is frequently regarded as one of the

most reliable haven assets because its value tends to remain stable or even increase during financial crises. Furthermore, Arbitrage Pricing Theory (APT) explains that various systematic risk factors, including macroeconomic variables and commodity price fluctuations, influence asset returns. Consequently, changes in global gold prices may influence investor behavior and alter the performance of domestic financial markets through portfolio reallocation decisions.

The rise in global gold prices is closely linked to exchange rate movements, particularly in developing countries like Indonesia. According to research by Dong *et al.*, (2019), fluctuations in global gold prices are often a key indicator for predicting movements in the Rupiah exchange rate against the US Dollar. Problems arise when the surge in global gold prices, triggered by a strengthening dollar index, actually puts depreciation pressure on the domestic currency. This is reinforced by a study by Azimah & Mujibno (2025), which underscores that exchange rate fluctuations affect not only the broader monetary sector but also banking profitability and international transaction costs. Exchange rate instability, aligned with rising global commodity prices, creates a significant challenge for monetary authorities in maintaining public purchasing power and price stability in the domestic market.

In addition to influencing the exchange rate, global gold price volatility is also a key determinant of the performance of the Indonesian capital market, as reflected in the Jakarta Composite Index (JCI). According to Hany *et al.*, (2025), the JCI is highly sensitive to investor responses to international commodity price volatility. In situations where gold prices surge sharply, the stock market often experiences selling pressure because investors perceive the risks of investing in equity instruments to be higher than those of safe assets. However, another study by Ady (2021) offers a different perspective, stating that under certain conditions, rising gold prices can foster positive sentiment in the mining sector, an important component of Indonesia's stock market. The complexity of this relationship suggests that the interaction between commodity and capital markets warrants deeper analysis, particularly during periods of heightened uncertainty and financial stress.

During the 2020–2026 period, global gold prices experienced substantial fluctuations driven by post-pandemic economic recovery, changes in global monetary policy, inflationary pressures, and escalating geopolitical conflicts. These developments coincided with periods of volatility in Indonesia's financial markets, including fluctuations in the Rupiah exchange rate and changes in the Jakarta Composite Index. Such conditions highlight the importance of understanding how movements in global gold prices are transmitted to domestic financial indicators in order to support effective investment decision-making and macroeconomic policy formulation.

A thorough analysis of the relationships among gold prices, exchange rates, and the Jakarta Composite Index is highly relevant to market participants seeking effective portfolio diversification strategies. Furthermore, for the government, understanding the transmission of risk from global commodity markets to domestic financial markets is crucial to adaptive monetary and fiscal policymaking. Therefore, this study, entitled "The Impact of Gold Price Increases on Financial Markets and the Rupiah Exchange Rate in Indonesia," aims to provide empirical evidence on the role of global gold prices in shaping domestic financial conditions amid rising economic uncertainty.

Previous empirical findings regarding the influence of gold prices on financial market indicators remain inconclusive. Rosdiyana & Setyaningsih (2022), Ningsi & Idris (2021), and Rohmawati *et al.*, (2022) found that gold prices did not significantly affect stock returns or stock market performance. Conversely, Hidayat (2022) reported that gold prices had a significant negative effect on the Jakarta Composite Index, whereas Zahrok *et al.*, (2021) documented a significant positive influence on the

Islamic Stock Index. These contradictory findings suggest that the effect of gold prices may vary depending on market conditions, sample characteristics, and observation periods.

Research examining the direct influence of global gold prices on the Rupiah exchange rate remains relatively limited. Existing studies have predominantly focused on the impact of exchange rates on gold prices rather than investigating whether fluctuations in global gold prices can significantly affect the value of the Rupiah. Moreover, previous studies generally analyzed the stock market and exchange rate separately, thereby providing a limited understanding of how gold price movements simultaneously affect multiple dimensions of Indonesia's financial market.

Accordingly, this study offers several contributions to the existing literature. First, it simultaneously examines the impact of global gold prices on both the Rupiah exchange rate and the Jakarta Composite Index within a single analytical framework. Second, it extends the observation period to 2020–2026, reflecting post-pandemic economic recovery and heightened global uncertainty. Third, this study integrates Safe Haven Theory and Arbitrage Pricing Theory to explain the transmission mechanism through which global commodity price fluctuations influence Indonesia's financial market performance.

Therefore, the objectives of this study include analyzing and empirically proving the effect of rising global gold prices on the movement of the Rupiah exchange rate. Furthermore, this study also aims to analyze and empirically prove the effect of rising global gold prices on the dynamics of the Jakarta Composite Index. In addition, this study seeks to simultaneously examine whether global gold price movements significantly influence Indonesia's financial market conditions during the 2020–2026 observation period. The findings are expected to provide valuable insights for investors to develop risk management strategies and for policymakers to maintain financial stability amid evolving global economic challenges.

The remainder of this paper is organized as follows. Section 2 provides a literature review and hypothesis development. Section 3 presents the research method and design. Section 4 provides the results and discussion. Section 5 is Concluding Remarks and Recommendations.

2. Literature Review and Hypothesis Development

2.1 Safe Haven Theory and Gold as a Financial Asset

Safe Haven Theory suggests that investors tend to shift their investments toward assets perceived as safer during periods of economic uncertainty, financial crises, or severe market turbulence. Within this framework, gold has been widely recognized as a prominent safe-haven asset for its ability to preserve wealth when other financial assets experience substantial declines in value. This characteristic positions gold not only as an investment instrument but also as an effective hedging tool against various sources of systematic risk. Echaust & Just (2022) state that gold continues to serve as a haven for stock markets, particularly during periods of heightened market stress, although its effectiveness may vary across countries and economic conditions. Similarly, Sikiru & Salisu (2022) found that, compared with other precious metals, gold exhibits a more consistent ability to protect investors against economic policy uncertainty. These findings indicate that gold remains a strategic instrument for portfolio risk management, especially in environments characterized by elevated market volatility.

The role of gold as a safe-haven asset has received increasing scholarly attention amid contemporary global crises. Li *et al.*, (2024) reported that China's gold futures market reinforced gold's

protective function during the COVID-19 pandemic and the Russia–Ukraine conflict, suggesting that geopolitical uncertainty can significantly increase the demand for gold. Nevertheless, Feder-Sempach *et al.*, (2024) argued that the safe-haven properties of gold are not absolute but depend on the severity of crises, market characteristics, and investor behavior. Furthermore, a bibliometric review by Anas *et al.*, (2025) identified gold as the most extensively studied asset in the literature on hedging and safe-haven investments, particularly regarding inflation, economic uncertainty, and financial market stability. Therefore, in this study, increases in global gold prices are conceptualized as external factors that may influence investor behavior and facilitate the transmission of risk to domestic financial markets, including fluctuations in the Rupiah exchange rate and in the performance of the Jakarta Composite Index (JCI).

2.2 Arbitrage Pricing Theory (APT)

Arbitrage Pricing Theory (APT) is a multifactor asset pricing model that explains asset returns as a function of several systematic risk factors originating from broader economic and market conditions. Unlike the Capital Asset Pricing Model (CAPM), which assumes that market risk is the sole determinant of expected returns, APT proposes that multiple macroeconomic variables simultaneously influence asset prices and investment outcomes. According to Maitra (2025), APT is founded on the principle that arbitrage opportunities will eventually disappear as investors exploit price discrepancies, leading asset prices toward equilibrium levels that appropriately reflect their underlying risk exposures. Consequently, factors such as inflation, interest rates, exchange rates, commodity prices, and changes in investor expectations may serve as important determinants of asset returns. Rosdiana & Sohilauw (2024) further argue that APT provides a more flexible and comprehensive framework for investment analysis because it accommodates the complex interaction between various economic factors that shape market performance. Therefore, APT has become one of the most widely adopted theoretical approaches for examining how external shocks and macroeconomic fluctuations influence financial markets.

Recent developments in the asset pricing literature continue to support the relevance of APT in explaining the dynamic nature of financial markets. Bagnara (2024) emphasizes that multifactor asset pricing models remain central to contemporary empirical finance, even as advanced analytical techniques such as machine learning are increasingly integrated into investment research. Similarly, Fournier *et al.*, (2024) demonstrate that factor risk premia evolve in response to changing market conditions, implying that investors should continuously reassess the sources of systematic risk embedded in their portfolios. Moreover, Moriya & Noda (2023) find that the factor structure underlying APT is time-varying, particularly during periods of elevated economic uncertainty and market turbulence. In the context of this study, global gold prices are conceptualized as an external, systematic factor that influences both the Rupiah exchange rate and the performance of the Jakarta Composite Index (JCI). Accordingly, APT provides a robust theoretical foundation for understanding how fluctuations in global commodity prices may be transmitted into domestic financial markets through changes in investor behavior, risk perceptions, and portfolio allocation decisions.

2.3 Global Gold Prices

Global gold prices represent the market value of gold traded internationally and are commonly denominated in U.S. dollars per troy ounce. As one of the most actively traded commodities in the

world, gold serves not only as an investment asset but also as an important indicator of global economic conditions. A wide range of macroeconomic factors, including inflation expectations, interest rate movements, exchange rate dynamics, geopolitical tensions, and changes in global commodity markets, influences fluctuations in gold prices. Pandit & Luo (2025) demonstrate that gold prices exhibit a dynamic relationship with crude oil prices, suggesting that developments in energy markets can significantly affect gold valuation through inflationary channels and shifts in investor sentiment. Similarly, Kumar *et al.*, (2023) find that gold prices are interconnected with exchange rates and stock market performance, highlighting the strategic role of gold within the broader financial system. These findings imply that global gold prices should not be viewed solely as commodity market outcomes but rather as reflections of changing economic conditions and investor expectations.

The increasing integration of financial markets has further strengthened the relevance of global gold prices in understanding market behavior and systemic risk transmission. Simran & Sharma (2025) find that economic policy uncertainty significantly influences forecasts of gold returns and volatility, indicating that gold prices are highly responsive to fluctuations in macroeconomic confidence. Moreover, Foroutan & Lahmiri (2024) document the interconnectedness between gold and other financial assets, suggesting that shocks originating in one market may spill over into commodity markets and vice versa. Supporting this argument, Triantafyllou *et al.*, (2023) identify commodity price uncertainty as an important leading indicator of economic activity and emphasize the broader implications of commodity price movements for financial stability. In this study, changes in global gold prices are conceptualized as external shocks that may affect Indonesia's domestic financial conditions. Consequently, understanding the determinants and dynamics of global gold prices is essential for explaining their potential effects on the Rupiah exchange rate and the performance of the Jakarta Composite Index (JCI).

2.4 Rupiah Exchange Rate

The Rupiah exchange rate represents the value of Indonesia's domestic currency relative to foreign currencies and serves as a crucial indicator of macroeconomic stability in an open economy. Exchange rate movements influence various aspects of economic activity, including international trade competitiveness, foreign investment decisions, inflation dynamics, and overall financial market performance. A combination of domestic and external factors, including inflation, the money supply, foreign exchange reserves, interest rates, and global economic conditions, shapes the Rupiah exchange rate. Furthermore, exchange rate stability is closely associated with broader financial sector conditions, as fluctuations in macroeconomic variables can influence credit allocation and economic activities through changes in financial institutions' risk perceptions and lending behavior (Situmorang & Dwiridotjahjono, 2026). Pratiwik & Prajanti (2023) demonstrate that these macroeconomic fundamentals play a significant role in shaping exchange rate fluctuations in Indonesia, and that exchange rate shocks can have substantial effects on broader economic performance. Similarly, Yue (2022) argues that changes in the Rupiah exchange rate result from complex interactions between domestic economic conditions and external pressures, highlighting the importance of maintaining exchange rate stability to support sustainable economic growth. Consequently, understanding the determinants of the Rupiah exchange rate has become increasingly important for assessing the resilience of Indonesia's financial system to external shocks.

In addition to economic fundamentals, monetary policy and market expectations are critical components in exchange rate formation. Ibrahim & Sukmana (2023) find that monetary policy actions significantly affect exchange rate dynamics in emerging economies, particularly through interest rate adjustments that influence capital flows and investor behavior. Supporting this view, Anwar *et al.*, (2022) find that monetary policy shocks can trigger notable responses in the Rupiah exchange rate, indicating an active transmission mechanism between policy interventions and currency movements. The effectiveness of exchange rate stabilization largely depends on central banks' ability to design and implement appropriate monetary policy responses to evolving domestic and global economic challenges (Yani, 2024). Furthermore, Maryatmo (2023) emphasizes that observable macroeconomic indicators do not solely determine Indonesia's exchange rate; rational and adaptive expectations about future economic conditions also shape it. Within the context of this study, the Rupiah exchange rate is conceptualized as a financial market indicator that may respond to external shocks originating from global commodity markets, including fluctuations in global gold prices. Therefore, examining the relationship between global gold prices and the Rupiah exchange rate provides valuable insights into how international economic developments may influence Indonesia's monetary stability and financial market conditions.

2.5 Jakarta Composite Index (JCI)

The Jakarta Composite Index (JCI) is the primary benchmark index of the Indonesia Stock Exchange (IDX), representing the overall performance of publicly listed companies across various sectors of the Indonesian economy. As a broad measure of stock market activity, the JCI is an important indicator of investor confidence, economic prospects, and the overall condition of the domestic capital market. Fluctuations in the JCI reflect the collective response of market participants to both domestic and international economic developments. Ayu (2023) emphasizes that the JCI experienced substantial volatility during the COVID-19 pandemic, demonstrating its sensitivity to macroeconomic disruptions and shifts in investor expectations. Similarly, Nugroho & Dwiridotjahjono (2025) identify several factors that significantly influence JCI movements, including exchange rates, global stock indices, and commodity prices, suggesting that the Indonesian stock market is increasingly integrated with global financial systems. These findings indicate that the JCI not only captures domestic economic performance but also mirrors the effects of external shocks transmitted through international financial channels.

In addition to macroeconomic fundamentals, market sentiment and global risk factors play a critical role in shaping JCI dynamics. Sinaga *et al.*, (2023) argue that investor sentiment significantly influences stock market behavior in Indonesia, as market participants continuously adjust their investment decisions in response to economic information and changing risk perceptions. Moreover, Andriyani & Pimada (2025) demonstrate that geopolitical risks, economic policy uncertainty, and fluctuations in global volatility indicators can exert considerable pressure on the JCI, highlighting emerging markets' vulnerability to international shocks. Supporting this perspective, Simonato & Denault (2023) document volatility spillovers among ASEAN stock markets, indicating that shocks originating in regional markets may propagate to Indonesia's capital market. In this study, the JCI is conceptualized as a proxy for domestic financial market performance that may respond to external commodity price shocks, particularly to changes in global gold prices. Therefore, examining the relationship between global gold prices and the JCI is essential for understanding how investor behavior

and international market developments influence the stability and performance of Indonesia's stock market.

3. Research Method

The method used in this research is a quantitative approach designed to empirically examine the relationship between global gold prices and financial market indicators in Indonesia. The nature of the research is associative, meaning that it aims to determine the magnitude and direction of the influence of one variable on another. For the data itself, we use secondary data. Secondary data were obtained from official and credible sources, including Bank Indonesia (BI), the Indonesia Stock Exchange (IDX), and Investing.com. Data on global gold prices were collected from Investing.com, while Rupiah exchange rate data were obtained from Bank Indonesia. Information regarding the Jakarta Composite Index (JCI) was retrieved from the Indonesia Stock Exchange.

The study employed monthly time-series data covering the period from January 2020 to June 2026. The use of monthly observations was intended to capture short-term fluctuations in global gold prices and their potential effects on Indonesia's financial market indicators. Global gold prices served as the independent variable (X), whereas the Rupiah exchange rate (Y_1) and the Jakarta Composite Index (JCI) (Y_2) were treated as dependent variables representing Indonesia's financial market conditions.

Two regression models were estimated in this study. The first model examined the influence of global gold prices on the Rupiah exchange rate. In contrast, the second model analyzed the effect of global gold prices on the Jakarta Composite Index. The regression equations are expressed as follows:

$$Y_1 = \alpha + \beta_1 X + \varepsilon \quad (1)$$

$$Y_2 = \alpha + \beta_1 X + \varepsilon \quad (2)$$

Where Y_1 denotes the Rupiah exchange rate, Y_2 represents the Jakarta Composite Index, X refers to global gold prices, α is the constant term, β_1 is the regression coefficient, and ε is the error term. Data analysis was conducted using multiple linear regression analysis to determine the extent to which changes in global gold prices influence movements in the Rupiah exchange rate and the JCI. Prior to hypothesis testing, descriptive statistics were generated to summarize the characteristics of the variables under investigation.

4. Results and Discussion

4.1 The Influence of Global Gold Prices on the Jakarta Composite Index (JCI)

The results of the regression analysis using monthly time-series data for the 2020–2026 period indicate that global gold prices are associated with movements in Indonesia's financial market indicators, particularly the Jakarta Composite Index (JCI). The statistical output shows a Multiple R of 0.787, indicating a strong relationship between the model's explanatory variables and the JCI. Furthermore, the coefficient of determination (R Square) of 0.620 indicates that approximately 62.0% of the variation in the JCI is explained by fluctuations in global gold prices and other variables included in the model. The remaining 38.0% may be attributed to factors not examined in this study, including changes in

investor sentiment, geopolitical developments, domestic economic conditions, and other macroeconomic indicators.

The overall regression model was statistically significant, as evidenced by an F-value of 3.22×10^{-17} , which is substantially lower than the conventional significance level of 0.05. This finding suggests that the independent variables collectively help explain changes in Indonesia's stock market performance during the observation period. Therefore, the empirical evidence supports the proposition that external factors, including movements in global gold prices, are relevant in understanding fluctuations in the Indonesian capital market.

These findings reinforce the argument proposed by Parengkuan (2021), who emphasized that gold plays a crucial role in preserving wealth during periods of economic instability. During the 2020–2026 period, global financial markets experienced heightened uncertainty due to post-pandemic economic adjustments, geopolitical tensions, and commodity price fluctuations. Under such circumstances, investors may alter their portfolio allocations by increasing their exposure to safer assets, including gold. Consequently, changes in gold prices may influence investor sentiment toward equity markets, thereby affecting JCI performance.

From the perspective of Arbitrage Pricing Theory (APT), the findings suggest that stock market movements are influenced by systematic factors originating from the broader economic environment. In this context, global gold prices can be viewed as an external risk factor affecting investment decisions and market behavior. The results imply that Indonesia's stock market does not operate independently from global economic developments. Rather, the JCI appears to respond to changes in international market conditions that alter investor expectations and risk perceptions.

Nevertheless, the influence of gold prices on stock market performance should be interpreted cautiously. Previous studies have reported mixed findings regarding this relationship. While some studies have documented that increases in gold prices exert downward pressure on stock markets due to portfolio reallocation toward safe-haven assets, other studies suggest that rising gold prices may generate positive effects through improved prospects for commodity-related sectors. Therefore, the relationship between gold prices and stock market performance may vary depending on economic conditions, market structures, and the composition of listed firms.

4.2 The Influence of Global Gold Prices on the Rupiah Exchange Rate

The regression analysis examining the relationship between global commodity prices and the Rupiah exchange rate yielded a Multiple R of 0.611, indicating a moderate relationship among the variables in the model. The R Square value of 0.373 indicates that approximately 37.3% of the variation in the Rupiah exchange rate is explained by fluctuations in global commodity prices, particularly gold prices. Other factors beyond the scope of this study, such as monetary policy decisions, inflation dynamics, capital flows, foreign exchange reserves, and global financial market conditions, may influence the remaining 62.7%.

The results indicate that global commodity price movements contribute to exchange rate dynamics in Indonesia. Although the explanatory power of the model is lower than that observed for the JCI model, the findings nevertheless highlight the relevance of external economic developments in shaping domestic monetary conditions. These results imply that the Rupiah exchange rate is sensitive to international market conditions and may respond to changes in global commodity prices through various transmission channels.

The findings are consistent with the study by Susilawati *et al.*, (2020), which emphasized the sensitivity of the Rupiah exchange rate to movements in strategic commodity prices in global markets. Rising commodity prices may influence trade balances, investor expectations, and international capital movements, all of which can subsequently affect exchange rate stability. Consequently, fluctuations in global gold prices may be an important consideration in understanding the behavior of the Rupiah exchange rate during periods of heightened uncertainty. Furthermore, the results underscore the importance of considering both domestic and external factors when evaluating exchange rate movements. While macroeconomic fundamentals remain essential determinants of currency values, international developments, including changes in commodity markets, may amplify exchange rate volatility. Therefore, policymakers should continuously monitor global economic conditions to mitigate potential risks arising from external shocks.

The findings of this study demonstrate that global gold price fluctuations are associated with both the Jakarta Composite Index and the Rupiah exchange rate during the 2020–2026 period. The stronger explanatory power of the JCI model suggests that investor responses to gold price movements may be more pronounced in the capital market than in the foreign exchange market. This pattern supports the view that gold functions not only as a commodity but also as a financial asset that influences portfolio allocation decisions and market sentiment.

The findings also provide empirical support for the application of Safe Haven Theory and Arbitrage Pricing Theory within the Indonesian context. Safe Haven Theory suggests that investors tend to increase their demand for gold during periods of uncertainty, potentially affecting capital market activity. Meanwhile, Arbitrage Pricing Theory posits that multiple systematic factors, including fluctuations in commodity prices, influence asset prices. The results of this study indicate that global gold prices may represent one such factor affecting Indonesia's financial market indicators.

From a practical perspective, these findings highlight the importance of monitoring global gold price movements as part of investment analysis and financial risk management. Investors may consider changes in gold prices when developing portfolio diversification strategies, while policymakers may incorporate information on commodity market developments into broader efforts to maintain financial stability. However, given that substantial proportions of the variation in both models remain unexplained, future studies are encouraged to include additional macroeconomic variables and employ more comprehensive analytical approaches to deepen understanding of the mechanisms linking global gold prices to domestic financial market performance.

5. Concluding Remarks and Recommendation

This study aimed to examine the influence of global gold price movements on Indonesia's financial market indicators, namely the Rupiah exchange rate and the Jakarta Composite Index (JCI), during the 2020–2026 period. Using a quantitative approach and multiple linear regression analysis based on monthly time-series data, the findings indicate that global gold prices are associated with fluctuations in both financial market indicators. The results show that the explanatory variables included in the model account for approximately 62.0% of the variation in the JCI and 37.3% of the variation in the Rupiah exchange rate. These findings suggest that global commodity price dynamics, particularly gold prices, are important external factors to consider when understanding the behavior of Indonesia's financial markets.

From a theoretical perspective, this study contributes to the growing body of literature by providing empirical support for the application of Safe Haven Theory and Arbitrage Pricing Theory (APT) within the Indonesian context. The findings reinforce the notion that gold serves not only as a store of value during periods of uncertainty but also as a systemic factor influencing asset price movements and investor decision-making. Practically, the results highlight the importance of monitoring global gold price fluctuations as part of investment analysis and portfolio diversification strategies. For policymakers, the findings underscore the need to consider developments in international commodity markets when formulating policies to preserve monetary and financial stability. The simultaneous examination of the Rupiah exchange rate and the JCI also offers a more comprehensive perspective on how external shocks may affect different dimensions of Indonesia's financial system.

Despite these contributions, several limitations should be acknowledged. First, the study relied exclusively on secondary time-series data and a limited number of explanatory variables, which may not fully capture the complexity of financial market dynamics. Second, a substantial proportion of the variation in both the Rupiah exchange rate and the JCI remained unexplained, suggesting the potential influence of additional factors, including inflation, foreign exchange reserves, geopolitical risk, investor sentiment, and global interest rates. Third, future studies are encouraged to employ more advanced time-series techniques and incorporate a broader set of macroeconomic variables to provide a deeper understanding of the transmission mechanisms linking global gold prices to domestic financial market performance. Such efforts may strengthen the empirical evidence regarding the role of commodity price fluctuations in shaping economic and financial stability in emerging market economies, including Indonesia.

Statement of Use of Generative AI

During the preparation of this work, the author used generative artificial intelligence tools to support the scientific writing process. Grammarly was used to check grammar, refine writing style, and improve clarity in scientific writing. All interpretations, analyses, and conclusions presented in this study are the sole responsibility of the author.

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