INFLATION PRESSURE AND INTEREST RATE RESILIENCE IN INDONESIAN MINING STOCK PRICES

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Abstract

This study uses a quantitative design with secondary data from Statistics Indonesia, Bank Indonesia, and the Indonesia Stock Exchange to examine how inflation and interest rates affect the stock prices of mining companies listed on the IDX during 2020–2022. The three-year time window encompasses the pandemic shock, stalled recovery, spikes in inflation, and tighter monetary policy an ideal macro-financial laboratory. Purposeful sampling selected 60 of the 67 mining companies in the energy sector, resulting in 180 company-year observations. All classical assumptions were met, allowing for estimation through multiple linear regression. The results are clear. Inflation has a negative and significant impact on mining stock prices. However, interest rates exhibit a positive and significant effect contrary to conventional predictions. Together, the two variables explain 98.7% of the variation in stock prices. This high explanatory power suggests that fluctuations in this sector are almost entirely driven by these two macro factors. The direction of the interest rate effect requires special attention. Standard theory holds that rising interest rates raise the cost of capital, attracting investors to fixed-income assets, and depressing equity valuations. However, in commodity-based sectors, tightening is often accompanied by rising global commodity prices driven by strong demand or supply disruptions, which improves mining companies' earnings prospects. Consequently, mining stocks can rise precisely when monetary authorities tighten policy. This finding not only reinforces the centrality of macroeconomic variables in mining stock fluctuations but also challenges conventional transmission channels: in resource industries, the interest rate-stock price relationship can operate inversely. Indeed, this counterintuitive pattern warrants further examination.

Keywords: *Inflation, Interest Rate, Stock Price, Mining Companies, Indonesia Stock Exchange.*

A. INTRODUCTION

The Indonesian capital market serves as a vital channel, channeling funds from investors to companies with promising ventures. Among the sectors listed on the Indonesia Stock Exchange, mining occupies a particularly vulnerable position. Its fate depends not only on corporate strategies but also on fluctuations in energy and mineral commodity prices, which exacerbate the sector's vulnerability to local and global macroeconomic shocks. Consequently, equity valuations in this industry depend on the complex interplay between company performance and macroeconomic forces primarily inflation and interest rates. The post-pandemic trajectory of these two variables tells a story of increasing pressure. Inflation, which recorded a moderate

1.68% in 2020, rose slightly to 1.87% in 2021 before surging to 5.51% in 2022. The benchmark interest rate reflects this pressure: it was maintained at 3.75% in 2020, cut to 3.50% in 2021, and then aggressively raised to 5.50% the following year. These figures are not mere statistical artifacts. These figures signal an economy grappling with soaring input costs, tightening financing conditions, and a readjustment of investor expectations. The transmission mechanism seems simple at first glance. Rising raw material prices and operating costs can squeeze profit margins, putting downward pressure on stock prices a particularly acute threat for the mining sector, where exploration, extraction, logistics, and capital financing are highly cost-intensive.

However, the sector's commodity-based nature presents a paradox: when global commodity prices surge sufficiently, the resulting revenue gains can offset the corrosive effects of domestic inflation, potentially lifting stock prices rather than lowering them. Interest rates have a similarly ambiguous influence. Higher rates increase corporate borrowing costs and make interest-bearing instruments relatively more attractive, which should theoretically reduce demand for equity and depress valuations. However, in resource-dependent industries, rising interest rates can coincide with or even presage a commodity boom, confounding the conventional negative correlation. This theoretical dichotomy is reflected in the empirical literature, which has yet to reach a consensus. Studies since 2020 have documented significant, insignificant, positive, and negative effects of inflation and interest rates on stock prices across various market indices, banking sectors, and mining. Research specifically targeting mining stocks from Rismala and Elwisam (2020) to Andini and Hendra (2026) produced a mosaic of discordant findings, with no consensus on the direction or magnitude of these macro financial linkages. The resulting confusion reveals substantial discrepancies. The 2020–2022 period, which encompassed the pandemic crisis, a faltering recovery, and the onset of monetary tightening, offers an important natural laboratory for revisiting these relationships. This study capitalizes on this opportunity, aiming to estimate the effects of inflation and interest rates on stock prices of mining issuers listed on the IDX, and to weigh their combined explanatory contribution against the backdrop of contradictory prior evidence.

B. LITERATURE REVIEW

1. Interest Rates as a Monetary Policy Instrument

Bank Indonesia implements its monetary policy framework through three core instruments: the BI 7-Day Reverse Repo Rate, the reserve requirement (GWM), and open market operations. The impact of these instruments on financial markets has been well documented, particularly in the interbank money market, where interest rates in rupiah and US dollars respond with measurable sensitivity.

Sugandi (2021) sharpens this observation by showing that the transmission potential of these instruments increased during the pandemic, surpassing their influence in earlier, more stable periods. This increase necessitates a more analytically rigorous examination of the interest rate equity relationship. The relationship defies simple, monotonic characterization. Its behavior is fundamentally nonlinear, stretching or contracting depending on the time frame adopted.

Purwanda & Yuniarti (2022) narrow their focus to mining stocks listed on the Indonesia Stock Exchange, revealing that the monetary transmission channel through interest rates has a significant weighting in this resource dependent sector. Their evidence posits interest rate movements as a significant driver of mining stock price volatility a finding consistent with the capital-intensive and commodity-dependent nature of the industry. A broader market perspective yields a more complex picture.

Ani & Andrian (2022), examining the LQ45 index, found a temporal gap that complicates a single interpretation. In the short term, the BI 7-Day Reverse Repo Rate exerts a weak negative influence on the index, a relationship so small as to be almost negligible. However, when the scope is broadened, the dynamic reverses: the effect shifts to positive and gains statistical significance.

This reversal underscores an important methodological point drawing conclusions about the interest rate-stock relationship from a truncated observation window invites misjudgment. The passage of time reshapes the very architecture of causality, transforming initially dampening forces into drivers. Such duality demands that sector specific findings, such as those from mining, be read against the backdrop of temporal contingency.

2. Inflation and Investment Purchasing Power

The empirical terrain surrounding inflation and interest rate effects on equity performance resists tidy generalization. What emerges from the literature is not a coherent narrative but a patchwork of sector-specific, temporally contingent, and at times contradictory patterns. Katmas & Indarningsih (2022) illuminate this fragmentation through their examination of the Indonesia Sharia Stock Index (ISSI). Their evidence traces a discernible long-run imprint of the Bank Indonesia benchmark rate, while inflation registers no meaningful influence neither over extended horizons nor in the short term. Such an asymmetry points to a deeper heterogeneity: the sensitivity of stock indices to price level pressures is far from uniform across market segments. Inflation appears almost inert in certain corners, a ghost variable that fails to materialize in the expected channels of transmission.

Shift the analytical lens to banking, and the configuration changes entirely. Ananda & Santoso (2022), working with IDX-listed banks over the 2018–2020 window, document a markedly different constellation of forces. Inflation exerts a positive, statistically significant push on stock returns an outcome that challenges the orthodox view of inflation as an erosive force on equity valuations. The interest rate, true to conventional expectation, pulls in the opposite direction with a significant negative coefficient. Yet the exchange rate, too, enters the equation positively and significantly, adding a third dimension that complicates any simple macro-financial mapping. What operates as inert in one sector becomes an active driver in another, while the sign of influence flips, underscoring the danger of cross-sector generalization.

The picture dissolves further when the commodity-linked food and beverage subsector is brought into focus. Maharani & Haq (2020), covering 2017–2021, strip the relationship down to a single operative variable: the exchange rate. Neither inflation nor interest rates could explain the variation in stock returns. This null finding does not merely diverge from the banking results it fundamentally questions whether the inflation-rate duo possesses any explanatory traction in sectors where competitive

dynamics, pass through mechanisms, or hedging practices might neutralize macro-financial transmission. Taken together, these three studies do not simply disagree; they expose the analytical futility of treating inflation and interest rates as monolithic forces with stable, predictable effects. Their impact is mediated and at times extinguished by the specific architecture of the industry, the time frame of observation, and the particular index under scrutiny. Recognizing this contingency is not a concession to empirical messiness; it is the starting point for any rigorous investigation into the macro-stock nexus.

3. The Mining Sector on the IDX: Context and Dynamics

Arman & Suade (2022) found that the mining industry was one of the six leading sectors in the stock index from March 2020 to February 2021 which means that it performed better than other sectors at the beginning of the COVID-19 epidemic. On the other hand, the value of mining enterprises has been known to diminish in recent years due to a range of challenges. This has ramifications for dropping share prices in various subsectors including coal and petroleum. Macroeconomic factors such as gold prices, changes in the currency rate, and crude oil prices are believed to affect the value of mining firms (Pangestuti et al., 2022). As a major global coal exporter, Indonesia is well-placed to benefit from geopolitical uncertainty in the world.

Rahadian & Sumirat (2022) also predict that high coal prices will remain constant until the end of 2022 and will then fall to a minor level in 2023, but they will still be significantly higher than the average price over the last five years. This fact shows the great influence of global external variables to the Indonesian Mining Industry. The analytical pivot toward firm-level fundamentals reveals a countervailing thread in the literature one that refuses to cede all explanatory power to macro variables. Pradita and Suselo (2022), working with mining companies listed on the Indonesian Stock Exchange across 2018–2021, establish that Return on Assets, Return on Equity, and the Debt to Equity Ratio each register as significant drivers of share price formation. Profitability and leverage, in other words, speak directly to how the market prices these firms. The finding is not trivial: it confirms that balance sheet realities permeate valuation even in a sector often caricatured as a pure play on commodity cycles.

Narrowing the temporal lens to the pandemic's most disorienting phase March through December 2020 Kartiko & Rachmi (2021) reinforce and refine this portrait. Net Profit Margin, ROA, ROE, and Earnings per Share emerge as the dominant determinants of mining stock prices. What deserves emphasis here is the primacy of earnings-based indicators. When uncertainty peaked and forward visibility collapsed, investors did not abandon fundamental anchors; they gravitated toward the most concrete measures of profitability margins and per-share earnings. Such behavior suggests a flight to informational tangibility, a rational retreat to the verifiable in an environment starved of reliable forward guidance.

These two studies collectively unsettle any narrative that macro forces eclipse micro realities. Pandemic induced disruption did not neutralize the signaling capacity of financial performance. Instead, it appears to have magnified the market's reliance on firm-level metrics, perhaps because sector wide or macro narratives had become too unstable to trust. The persistence of fundamental determinants through a period

of extraordinary shock carries an important implication: models of stock price behavior in the mining sector that ignore corporate financial health are not merely incomplete they risk misattributing to inflation or interest rates what properly belongs to variations in profitability and capital structure. The empirical record, therefore, does not simply juxtapose macro and micro explanations; it demands their integration.

4. The Interaction of Macroeconomic Variables and Mining Stock Prices

Purnama et al. (2021) analyzed the Composite Stock Price Index (IHSG) during the second half of 2020 and revealed a selective constellation of macroeconomic drivers. International gold prices, Bank Indonesia's intermediary exchange rate, and BI's policy interest rate each exerted significant partial influences on the index. Oil prices, somewhat counterintuitively given their global importance, barely left a detectable trace. When all four variables were entered into the model simultaneously, they accounted for 67.22 percent of the IHSG's variation a respectable adjusted R^2, but still indicative of substantial residual variance attributable to forces outside this quartet. The weak role of crude oil begs the question: it may reflect the peculiar supply-demand dynamics of the pandemic constrained global economy, where oil price signals were overpowered by simultaneous shocks to mobility and production.

Sectoral decomposition further complicates the picture. Saputri et al. (2020), which examined agricultural and mining companies over the long period 2009–2019, found that inflation and exchange rate movements each had a significant negative impact on stock returns. Interest rates and GDP, on the other hand, did not exhibit independent partial effects when tested separately. However, this does not mean they are irrelevant. When these four macro variables operate together, their combined influence shapes return behavior an econometric nuance often lost in studies that prioritize individual significance over systemic interactions. This finding highlights an important methodological point: partial insignificance does not necessarily indicate economic insignificance; variables that appear inert on their own can transmit influence through covariation channels within the broader macro financial system.

This negative interest rate equity linkage is strongly reinforced elsewhere. A 2022 comparative analysis of monetary policy dynamics during COVID-19 documented the substantial and detrimental impact of interest rate tightening on the Indonesian stock market. This mechanism has been widely discussed: higher benchmark interest rates increase the cost of capital and alter expectations of future corporate profitability, both of which lead to lower stock returns. What distinguishes these findings from mere replication is the pandemic context an environment where interest rate signals must contend with unprecedented noise.

Fiscal measures operate at an entirely different level. Rizvi et al. (2021) show that within seven days of the announcement of pandemic response policies, stock market losses in Indonesia, Singapore, and Thailand were measurably dampened. The temporal precision of this stabilizing effect suggests that government interventions did more than provide a general stimulus; they served as a coordinated signal of commitment that temporarily halted the downward spiral of investor pessimism. The interplay between monetary tightening and fiscal rescue creates a multi-layered analytical challenge: while interest rates pushed stock returns downward,

countercyclical fiscal measures worked to contain the damage, making the net macro impact on equity valuations a product of policy rebalancing rather than the isolated force of a single instrument.

5. Capital Market Dynamics and Mining Industry Outcomes in the Shadow of the COVID-19 Pandemic.

The magnitude of equity declines during the COVID-19 pandemic surpassed even the lows reached during the global financial crisis. Stock returns contracted even more severely, and the turbulence was unevenly distributed. Indonesia and Hungary, two emerging markets with quite different structural profiles, both experienced extraordinary oscillations markets swung violently, reflecting fragility that transcended geographic boundaries. Setiawan et al. (2021) demonstrate the mechanism: lockdowns and mobility restrictions not only suppressed demand in the usual recessionary pattern. They simultaneously choked supply, creating a rare double shock that conventional stabilization frameworks were never designed to absorb. The result was a compounding of instability. Negative returns became endemic, and market volatility surged far beyond the thresholds observed in 2008–2009. What distinguished the pandemic episode was the simultaneity of the disruption the supply and demand curves plunged simultaneously, depriving equities of the cushion that asynchronous shocks might provide. This simultaneity transformed the economic contraction into a severe crisis of market functioning, in which pricing itself collapsed under the weight of radical uncertainty.

The first part of PSBB (March 2020) caused a decrease in stock prices due to panic among shareholders. The second phase of PSBB caused a lower decline since the shareholders were more prepared to receive information and were in a wait-and-see condition (Jecuinna and Zielma, 2021). The COVID-19 epidemic impacted the market attitude among investors, finally pushing it downwards. Hence, the need for strategic fiscal and monetary policies to promote the economy. As the pandemic case mounted, the market saw larger negative oscillations, and the global economic slowdown, especially the impact on Indonesia's exports to China, had a substantial influence on the Indonesian economy (Nasution et al., 2020).

The Islamic indexes were the most volatile, but at the same time they beat the conventional and SRI indices. The analysis additionally demonstrates which Indonesian Islamic equities were robust and efficient during the epidemic, and there was no co-movement between them and conventional and SRI indices during the crisis (Hidayah & Swastika, 2022).

6. Corporate Fundamentals as Mediating Factors

Akuntansi et al. (2022) documented a consistent positive impact of profitability, capital structure, firm size, liquidity, and dividend policy on firm value in mining related manufacturing firms over the 2017–2021 period a relationship that held across temporal subdivisions, suggesting structural rather than cyclical drivers. Shifting the analytical toolkit to indicators of financial distress, Purwanda and Yuniarti (2022) examined mining sector stock prices through the lens of Altman's Z-score components. Their model incorporated working capital, retained earnings, operating profit, and sales turnover each scaled by total assets along with the debt-to-equity ratio

and prevailing interest rates. Collectively, these components explained 46.3 percent of stock price volatility. The remaining 53.7 percent, largely outside the model's scope. The nearly even split between captured and residual variance is quite revealing: it confirms that balance sheet fundamentals and interest rate signals have real appeal, but also underscores the extent to which mining equity behavior is governed by forces commodity supercycles, global risk appetite, supply disruptions that are obscured by firm-level financial ratios.

Anisa et al. (2022), who limited their view to the pre-pandemic period of 2016–2019, uncovered striking asymmetries in mining sector price dynamics. Liquidity, as measured by the current ratio, followed rising stock prices in a clear positive monotonic pattern. Higher short-term solvency generated a market premium. However, profitability metrics failed as predictive instruments. Earnings per share and return on assets both exhibited negative relationships with equity value, weakening their usefulness for forecasting purposes in this specific empirical setting. The negative sign warrants caution in interpretation: it may reflect the market discounting accounting profits as temporary gains from commodity price surges, thereby penalizing companies whose earnings appeared unsustainable. What emerges is a nuanced hierarchy of relevance liquidity speaks louder than profitability in certain mining contexts, and models that fail to recognize this may misidentify the signals they are trying to capture.

C. METHOD

This investigation is based on a quantitative architecture a deliberate choice, given that the raw evidence consists entirely of numerical sequences that require systematic statistical decomposition to uncover the latent structure linking variables (Alamsyahbana, 2023; Priadana & Sunarsi, 2021). The population encompasses 67 energy sector mining companies listed on the Indonesia Stock Exchange during the three-year period 2020–2022. Purposeful screening narrowed this pool to 60 companies. The criteria were stringent: continuous recording in the energy classification throughout the observation period and the provision of complete financial statements. Such rigor is not a mechanical gesture of methodological convention. It actively prevents survivorship bias and compositional shifts that would otherwise introduce systematic noise into longitudinal estimates, especially when the pandemic period already exerts uneven selective pressure on company survival. Two macroeconomic constructs were operationalized as independent variables. Inflation is measured using the annual inflation rate published by Statistics Indonesia (BPS); interest rates are measured using the BI Interest Rate from Bank Indonesia. The dependent variable stock price is defined based on year-end closing prices sourced directly from the IDX archives. Exclusive reliance on official institutional repositories not only meets citation requirements but also anchors the validity of the measurement in the procedural integrity of the source bodies, isolating the analysis from measurement errors common to self-reported or survey derived data. Multiple linear regression forms the backbone of the analysis. Before any interpretive weight is given to the coefficient estimates, the model is tested against a series of classic diagnostics: normality, heteroscedasticity, autocorrelation, and multicollinearity, following the protocol outlined by Ghozali (2018). These are not random checks, but constitutive

thresholds failure to meet them will render subsequent inferences statistically incoherent. Once the model has cleared these hurdles, the empirical lens is sharpened through correlation matrices, coefficients of determination, t-tests for partial effects, and F-tests for joint significance. Conspicuously absent from this toolkit are validity and reliability tests. This omission is not a mistake, but rather an epistemological necessity. Secondary numerical data are not intended to capture latent constructs; their authenticity derives from institutional sources, not from internal consistency metrics. Applying psychometric benchmarks to such data would constitute a category error, importing logic designed for questionnaire-based abstraction into a domain where accuracy is a function of source fidelity rather than correlation between scales.

D. RESULT AND DISCUSSION

This study examines the impact of inflation and interest rates on the stock prices of mining companies listed on the Indonesia Stock Exchange (IDX) during 2020-2022. The analytical approach considers three main issues: the individual influence of inflation on stock prices, the individual effect of interest rates on stock prices and the joint effect of both variables. The empirical analysis uses a sample of 180 firm-year observations, covering 60 mining enterprises across three years. Summary figures indicate the inflation rate ranged from a minimum of 1.68% to a maximum of 5.51%, with an average of 3.0200%. Interest rate was between 3.50% to 5.50% and averaged 4.2500%. Stock prices themselves recorded a low of IDR 50, maximum of IDR 49,000 and an average of IDR 2,370.28. In addition, the high standard deviation of 6,485.928 highlights the high level of dispersion in mining stock prices during the time of observation.

Table 1. Descriptive Statistics of Research Variables

Variable	N	Minimum	Maximum	Mean	Std. Deviation
Inflation	180	1,68	5,51	3,0200	1,76732
Interest Rate	180	3,50	5,50	4,2500	0,89224
Stock Price	180	50	49.000	2.370,28	6.485,928

Before interpreting the regression results, the model was checked with the traditional assumption tests. The normality test revealed a Monte Carlo Sig. value of 0.131 which is greater than 0.05 suggesting normal distribution of the residuals. The heteroscedasticity test shows that the points are spread above and below zero without any clear pattern which means that the model is free from heteroscedasticity. The Durbin-Watson value of 1.610 falls within the range of -2 to +2 and shows no autocorrelation. The tolerance values of inflation and interest rates were 0.109 and the VIF value was 9.193. Thus, the model was still acceptable because the tolerance value was more than 0.10 and the value of VIF was less than 10. Hence, the regression model was regarded suitable to answer the research concerns. The result of multiple linear regression is the following model equation: $Y = 7.200{,}866 - 3{,}561X1 + 9{,}570X2$

Y is stock price. X1 is inflation and X2 is interest rate. The SPSS result utilized transformed variables and hence a more proper interpretation of the coefficients is the direction and significance of the effects. The coefficient of inflation was -3.561. This is negative which means that an increase in inflation tends to diminish the stock prices of the mining businesses. On the other hand, the coefficient of interest rate was

positive at 9.570, which means that an increase in interest rates in this model tended to be associated with an increase in stock prices.

Table 2. Multiple Linear Regression Results and Partial Test

Variable	B	Std. Error	Beta	t	Sig.	Information
Constant	7.200,866	557,800	-	12,909	0,000	Significant
Inflation	-3,561	0,218	-0,427	-16,334	0,000	Negative and significant effect
Interest Rate	9,570	0,180	1,386	53,067	0,000	Positive and significant effect

The partial test findings indicate that there is an influence of inflation on stock prices with the level of significance of 0.000 < 0.05. The negative coefficient shows that an increase in inflation decreases the value of the mining firm's stocks. The result is understandable and related to the manufacturing expenses and the investors' expectations. If inflation is strong, the cost of raw materials, operating costs, distribution costs and other firm expenses may also be increased. Profitability of firms may fall if these cost increases cannot be offset by higher revenues or efficiency gains. If the appetite of investors is decreased, lower profit targets could put pressure on stock prices.

This result is in line with Rachmawati (2018) which said that inflation has a negative and significant effect on the stock prices of LQ45 banking businesses. This result is consistent with the research that argue inflation can put a pressure on the stock market when the price increases are detrimental to business performance. However, this conclusion is conflicting with the findings of Ependi (2022) that inflation was positively and significantly related to stock prices, and Larasati (2021) that inflation had a positive and significant effect on stock prices of real estate and property firms. These disparities suggest that the stock market response to inflation may vary across sectors. In the mining sector, pressures on production costs and uncertainty in the economy are likely to outweigh increases in commodity prices and the potential boost to income.

The partial test results also suggest that the interest rate has a significant effect on stock prices with a p-value of 0.000. The number 9.570 represents favorable influence direction. The study finds that rising interest rates did not always contribute to a reduction in the value of mining equities between 2020 and 2022. Higher interest rates are frequently seen as a negative for equities, since borrowing costs increase and investors move money into interest-bearing securities. However, the positive impact could have happened all through the study period as mining stocks were also affected by other factors like commodity prices, the economic recovery after the pandemic, the energy demand, and the expectations of investors on the performance of the energy issuers.

The result is in line with the research of Priadi, Lau and Sunarto (2021) that interest rates have a favorable and significant effect on the stock price of PT Bank MNC Internasional Tbk. This finding is also in line with Idrus (2022) which said that interest rate has favorable impact on stock prices. However, this result is contrary to the results of research by Ependi (2022) and Iradilah & Tanjung (2022) which state that interest rates have a negative and significant effect on stock prices. These differences indicate

that the effect of interest rates is not uniform but is greatly influenced by the company sector, market conditions and the time of observation.

Table 3. Coefficient of Determination and Simultaneous Test

Test	Main Value	Sig.	Interpretation
R	0,993	-	The relationship between inflation, interest rates, and stock prices is very strong
R Square	0,987	-	Inflation and interest rates explain 98.7% of stock price variation
F-Statistic	6.647,834	0,000	Inflation and interest rates simultaneously affect stock prices

At the same time it was observed that inflation and interest rates had a significant effect on the stock values of mining companies. This is corroborated by an F-statistic value of 6,647.834 and a significance level of 0.000 which is less than 0.05. The R value of 0.993 implies a strong correlation between the independent variables and stock prices, and the R Square value of 0.987 indicates that inflation and interest rates explain 98.7% of the stock prices variance under the study model. The other 1.3% is subject to non-model factors such as global commodity prices, currency rates, stock trading volume, corporate earnings, dividend policy, capital structure, market mood and geopolitical conditions. This simultaneous result is consistent with the findings of Hadistia & Nurlinda (2021), Idrus (2022), Larasati (2021), and Iradilah & Tanjung (2022), who all found that inflation and interest rates have a joint effect on stock prices. This study also corroborates Priadi, Lau & Sunarto (2021) findings that inflation and interest rate significantly effect stock prices. Thus, our results provide credence to the view that macroeconomic variables still play a role in explaining stock price movements, particularly in the mining sector which is affected by changes in costs, financing and market expectations.

The results of the study imply that investors need to consider the inflation and interest rate dynamics before investing in mining stocks. Higher inflation may be a risk warning sign since it squeezes corporate costs and profits. Interest rates, however, should not be immediately interpreted as a negative factor, as they had a positive impact on stock prices in this study. Our findings underscore the need of mining companies keeping costs efficient in the context of rising inflation and managing finance structures such that interest rate fluctuations do not impact financial performance. For future researchers, the very high R Square value should be further researched by adding other elements and extending the research period so that interactions between variables can be studied more rigorously and are not limited to the economic conditions of 2020-2022.

The findings of this study in sum provide answers to all the research questions asked. The results reveal that stock prices of mining companies are significantly negatively impacted by inflation. However, interest rates do have a significant positive impact on mining companies' stock prices. Furthermore, inflation and interest rates in general have a significant influence on the stock prices of mining businesses listed on Indonesia Stock Exchange in the 2020-2022 period.

E. CONCLUSION

The findings of this study show that the research objectives were achieved. The study empirically proved that inflation and interest rates affect the stock prices of mining companies listed on the Indonesia Stock Exchange between 2020 and 2022. In partial testing, inflation has a large negative effect on stock prices, meaning that rising inflation tends to reduce the stock prices of mining businesses. We also find that interest rates have a significant impact on stock prices indicating that interest rate movements are a significant macroeconomic factor in analyzing stock price dynamics in the mining industry. The inflation and interest rates when calculated in combination have a significant effect on the stock prices and can explain 98.7% of the variation in the stock prices. The balance variation is due to the factors unexplored in this study.

Investors should be aware of changes in inflation and interest rates prior to investing in mining equities. Mining enterprises must also focus on the inflationary pressures and the rate swings because it might influence an individual investor's perception of the stock price movements as well. Future research should include other relevant variables such as exchange rates, commodity prices, firm profitability and stock trading volume to offer a more holistic view.

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