Int. Journal of Economics and Management 11 (S1) : 197 – 206 (2017)

IJEM
International Journal of Economics and Management
Journal homepage: http://www.econ.upm.edu.my/ijem

Macroeconomic Factors And Stock Returns In APT Framework

AMTIRAN, P. Y.[a*], INDIASTUTI, R.[b], NIDAR, S. R.,[b] AND MASYITA, D.[b]

[a]*Faculty of Economics & Business,Universitas Nusa Cendana, Kupang, Indonesia*
[b]*Faculty of Economics & Business,Universitas Padjadjaran, Bandung, Indonesia*

ABSTRACT

This study was conducted to see the effect of the relationship between macroeconomic factors, economic growth, inflation rate and the exchange rate on stock returns in the Indonesian capital market approach Arbitrage Pricing Theory (APT). The data used in this research is secondary data from The Indonesian Capital Market Directory (ICMD) and the Central Bureau of Statistics from 2007 to 2014. The sampling technique used purposive sampling and the total sample of this research are 80 companies listed in The Indonesian Stock Exchange (BEI). The analysis technique used is ordinary least square regression - OLS. We hope this research can provide an overview of the market participants regarding the relationship between macroeconomic factors and stock returns in the Indonesia Stock Exchange from the framework of the Arbitrage Pricing Theory.

Keywords: APT, BEI, Macroeconomic Factors , Stock Returns

JEL Classification: G12, G00.

INTRODUCTION

Macroeconomic factors are one of indicators of a country to see or measure the economic development of a country. Stakeholders need information of the development of economic factors with the aim to make decisions related to economic policies such as fiscal and monetary policies, the movement of foreign exchange rates, stock movements and other economic policies. In addition to macroeconomic factors, knowledge is also required so that the investors can invest safely in a country. This is because in investing, investors must take into account the various risks that may occur, so as to minimize the risks investors should fully understand the possible risks, especially which regard to the risks caused by changes or fluctuations of macroeconomic factors.

*Corresponding author: Email : itha_75@yahoo.com