American International Journal of Business Management (AIJBM)
ISSN- 2379-106X, www.aijbm.com Volume 07, Issue 07 (July-2024), PP 303-322

Valuation, Financial Performance, and Macroeconomic Condition on Stock Return of Manufacture Companies

Afdhal Rivadil Sidiq[1], Erman Sumirat[2], Subiakto Soekarno[3]
[1,2,3]School of Business Management, Institut Teknologi Bandung, Indonesia
**Corresponding Author: Afdhal Rivadil Sidiq[1]*

ABSTRACT: This study analysis the influence of valuation, financial performance, and macroeconomic conditions on the stock returns of manufacturing companies listed on the Indonesia Stock Exchange from the first quarter of 2023 to the first quarter of 2024. Utilizing a panel data regression analysis. The analysis was conducted using the STATAMP 17 software, the examine key indicators such as Price-Earnings Ratio (PER), Price-Book Value (PBV), Net Profit Margin (NPM), Earnings Per Share (EPS), Return on Assets (ROA), Return on Equity (ROE), Current Ratio (CR), Gross Domestic Product (GDP), inflation rate, and the Rupiah exchange rate. The result of partially that PBV, EPS, ROA, ROE, GDP, and the inflation rate significantly impact stock returns, whereas PER, NPM, CR, and the exchange rate do not exhibit a significant effect. The results offer valuable insights for investors and policymakers to make informed decisions based on the interplay between financial and macroeconomic factors affecting stock performance. The result of simultaneously, the model is highly significant, with an R-squared value of 0.8226, indicating that 82.26% of the variability in stock returns is explained by the independent variables included in the study, further underscored by the adjusted R-squared value of 0.8137.

KEYWORDS - Financial Performance, Macroeconomic Conditions, Manufacture Companies, Stock Return, Valuation Metrics

I. INTRODUCTION

The headline seasonally adjusted S&P Global Indonesia Manufacturing Purchasing Index (PMI) climbed to 54.2 in March 2024 from 52.7 in the previous month, highlighting the fastest improvement in operating conditions in nearly two and-a-half years. The data from idx.com indicates that the manufacturing sector in Indonesia has a Price-to-Earnings Ratio (PER) of 9.31x, which is the second lowest after the transportation and logistics sector. The PER is a metric used to determine the relative value of a company's shares in the market compared to its earnings. A high PER can suggest that the stock is overvalued or that investors are expecting high growth rates in the future. Conversely, a low PER, like the 9.31x observed in Indonesian manufacturing companies, typically suggests that the stock is undervalued, making it potentially attractive to investors looking for bargains.

The Price-to-Book Value (PBV) ratio for manufacturing companies in Indonesia is reported to be below 1, specifically at 0.89. The PBV ratio compares a firm's market value to its book value, providing insight into how the market values the company's net assets. A PBV below 1 means that the company's stock is trading for less than the value of its net assets. From an investment education perspective, a low Price-to-Earnings Ratio (PER) combined with a Price-to-Book Value (PBV) below 1 can be seen as a positive signal for several reasons. Firstly, stocks with low PERs are often considered undervalued, presenting potential for appreciation if the market corrects its valuation [1]. This aligns with value investing principles, where investors seek stocks that are undervalued by the market, and a PBV below 1 indicates that investors are paying less for the company's assets than their actual value, making it an attractive buy signal [2]. Moreover, purchasing stocks at prices lower than their book value provides a margin of safety, meaning the investment carries less risk since the stock is already trading below its intrinsic value [3]. Lastly, if the low PER and PBV are due to temporary issues rather than fundamental problems, there is significant potential for recovery and substantial gains if the company's performance improves [4].

Profitability levels represent how successfully the firm manages its operations [5]. Long-term investors can utilize profitability ratios to determine earnings that will be distributed as dividends [6]. Profitability is one of the measuring methods used to assess a company's business success, beginning with the valuation of assets, debt, liquidity, and other factors. The company's ability to generate profits in its operations (profitability) is the main focus in assessing the company's performance because the company's profit is not only an indicator of the company's ability to fulfill its obligations for its funders, it is also an element in the creation of corporate value that shows the company's prospects in the future, so it can be used as a basis for investment decisions to measure the company's ability to generate a rate of return [7]. Profitability can be measured by Earnings Per Share [8], [9],

[10], [11], Net Profit Margin [11], [12], Return on Assets [8], [9], [11], and Return on Equity [8], [9], [11]. The liquidity ratio is also an essential aspect in determining corporate value. The liquidity ratio measures the company's capacity to satisfy its obligations or pay its short-term debt. In other words, the liquidity ratio is a ratio that may be used to determine how well a corporation is able to pay off its short-term commitments that are approaching maturity [13]. To pay its short-term obligations, the corporation must have cash or other current assets that can be turned into cash quickly [14]. In this study, the CR is chosen as the liquidity ratio. A CR is a ratio that measures a company's capacity to fulfill its short-term commitments using all current assets available. In other words, this CR shows how much of the company's current assets are available in relation to its total current liabilities [15].

Macroeconomic conditions significantly impact stock market performance. Key indicators such as Gross Domestic Product (GDP), inflation rate, and the exchange rate influence investor sentiment and economic stability. GDP growth reflects the overall economic health, inflation affects purchasing power and cost structures, and exchange rate fluctuations can impact international trade and investment flows. The manufacturing sector contributes more than 75% to the GDP, indicating its significant impact on the Indonesian economy. This substantial contribution makes the manufacturing sector the backbone of the national economy, where its development and stability have a direct impact on overall economic growth, employment, and public welfare. Therefore, understanding the factors that influence stock return in this sector is crucial for making sound investment decisions and formulating effective economic policies. The Indonesian government has undertaken various efforts to improve the investment climate, including regulatory reforms, tax incentives, and infrastructure improvements. Policies supporting the manufacturing sector, such as streamlining licensing processes and enhancing the quality of education and workforce training, can attract more foreign and domestic investments, allowing manufacturing companies to thrive, thereby increasing the sector's contribution to GDP.

The research objectives:

1. This study will analyze the valuation of manufacture companies listed on the IDX for Q1 2023-Q1 2024
2. This study will analyze the financial performance of manufacture companies listed on the IDX for Q1 2023- Q1 2024
3. This study will analyze the macroeconomic condition Indonesia for Q1 2023- Q1 2024
4. This study will find the relationship between the valuation, financial performance, and macroeconomic condition with the company's stock return of manufacture companies listed on the Indonesian Stock Exchange for Q1 2023- Q1 2024.

II. THEORETICAL FOUNDATION

2.1. Valuation

Valuation is a critical financial analysis tool used to determine the worth of an asset, company, or investment. It encompasses various methods and metrics to assess a company's value, providing a foundation for investment decisions. Valuation methods can be broadly categorized into intrinsic and relative valuation techniques. Intrinsic valuation focuses on determining the present value of future cash flows generated by the company, commonly using Price-to-book Value and Price-to-Earning Ratio. Relative valuation, on the other hand, involves comparing a company's financial metrics to those of similar companies or industry averages to gauge its value. Accurate valuation is essential for investors to make informed decisions about buying, holding, or selling securities [2].

1. Price-to-Earning Ratio

The Price to Earnings (P/E) ratio is a widely used valuation measure that compares a company's current share price to its earnings per share (EPS). It is calculated by dividing the market price per share by the earnings per share. The P/E ratio indicates how much investors are willing to pay for a dollar of earnings. A high P/E ratio often suggests that the market expects future growth and is willing to pay a premium for the stock, while a low P/E ratio may indicate undervaluation or potential risks. The P/E ratio is a crucial tool for comparing the valuation of companies within the same industry and for assessing the attractiveness of a stock relative to its peers [4]. The calculation of P/E Ratio is computed as follows.

$$P/_{E}\ Ratio = \frac{Market\ Price\ per\ Share}{Earning\ per\ Share}$$

2. Price-to-Book Value

The Price to Book Value (PBV) ratio is a valuation metric that compares a company's market price to its book value. It is calculated by dividing the stock's market price per share by its book value per share. The PBV ratio helps investors assess whether a stock is overvalued or undervalued by comparing the market's perception of a company's value to its actual net asset value. A PBV ratio below 1 indicates that the stock is trading for less than its book value, suggesting potential undervaluation, while a ratio above 1 implies overvaluation. The PBV ratio

is particularly useful for evaluating companies with substantial tangible assets, such as manufacturing firms [1]. The calculation of PBV is computed as follows.

$$PBV = \frac{Market\ Price\ per\ Share}{Book\ Value\ per\ Share}$$

2.2. Financial Performance

Financial ratios are used by companies to provide an overview of the company's health condition. For investors there are two predominant financial ratios are used as a reference to the condition of a company's performance, namely: 1) Profitability and 2) Liquidity.

1. Profitability

The purpose of the company's establishment, among other things, is to maximize profit, to prosper the owner of the company's shares (wealth of the shareholder), and to maximize the value of the company (market value of the firm) reflected in its share price [16]. Increasing the company's value is critical for a corporation since it increases the wealth of its owners, which is the fundamental purpose. Maximizing the company's worth entails maximizing the current value of all future profits to shareholders, which is long-term focused. Companies that go public might have their value reflected in the stock market price. Profitability variables might have an impact on a company's value. High profitability suggests a positive corporate outlook, which drives investor demand for shares [17]. The investor's good response will boost the share price and value [18]. This study's profitability ratios include Earning Per Share (EPS), Return On Assets (ROA), Return On Equity (ROE), and Net Profit Margin (NPM).

The calculation of EPS is computed as follows.

$$Earning\ Per\ Share = \frac{Net\ Income - Dividends\ on\ Prefereed\ Stock}{Weighted\ Average\ Shares\ Outstanding}$$

The calculation of NPM is computed as follows.

$$NPM = \frac{Net\ Income}{Revenue} \times 100\%$$

The calculation of ROA is computed as follows.

$$ROA = \frac{Net\ Income}{Total\ Assets}$$

The calculation of ROE is computed as follows.

$$ROE = \frac{Net\ Income}{Shareholders' Equity}$$

2. Liquidity

The liquidity ratio is an essential measure of a company's financial health, indicating its ability to meet short-term obligations. A high liquidity ratio suggests that a company can generate sufficient cash from ongoing operations [19]. However, liquidity ratios only consider current assets, which may limit their effectiveness [20]. These ratios can serve as early warning signals for cash flow issues and potential firm failure, as indicated by a low or declining liquidity ratio [21]. The current ratio (CR) is particularly significant, as it evaluates cash and near-cash assets, providing a stringent test of liquidity [20]. The calculation of CR is computed as follows.

$$Current\ Ratio = \frac{Current\ Assets}{Current\ Liabilities}$$

2.3. Macroeconomic Condition

Macroeconomic conditions encompass a range of economic indicators that reflect the health and dynamics of an economy, such as unemployment rates, national income, and price levels. These conditions influence and are influenced by fiscal and monetary policies, global economic events, and domestic market activities. Understanding these conditions allows policymakers to implement measures that stabilize or stimulate economic growth. Assessing macroeconomic conditions is crucial for formulating effective economic policies that enhance overall economic performance [22]. There are three metric of macroeconomic condition, such as:

1. Gross Domestic Product

GDP is a comprehensive measure of a country's economic activity, representing the total value of all goods and services produced over a specific period. It is a critical indicator of economic health, as it reflects the economy's size and growth rate. GDP can be measured using various approaches, including production, income, and expenditure methods. Each method provides insights into different aspects of the economy, such as consumer spending, business investment, and government expenditure. As noted by Mankiw (2020), GDP serves as a primary indicator for evaluating economic performance and comparing it across different time periods or economies. The calculation of GDP is computed as follows.

$$Gross\ Domestic\ Product = C + I + G + (X - M)$$

where C is consumption, I is investment, G is government spending, X is exports, and M is imports [22].

2. Inflation rate

Inflation measures the rate at which the general level of prices for goods and services rises, eroding purchasing power. It is typically calculated using indices like the Consumer Price Index (CPI) or the Producer

Price Index (PPI). Inflation can result from demand-pull factors, where demand exceeds supply, or cost-push factors, where production costs rise. Controlling inflation is a primary goal of monetary policy, as high inflation can lead to economic instability, while deflation can signal economic stagnation. Mishkin (2007) emphasizes that understanding inflation dynamics is crucial for maintaining economic stability and ensuring sustainable growth. The calculation of Inflation Rate is computed as follows.

$$\boldsymbol{Inflation\ Rate} = \frac{\boldsymbol{CPIcurrent + CPIprevious}}{\boldsymbol{CPIprevious}} \times \mathbf{100}$$

3. Exchange rate rupiah

The exchange rate reflects the value of one currency relative to another and plays a significant role in international trade and finance. It affects the competitiveness of a country's goods and services in the global market and influences capital flows. Factors affecting exchange rates include interest rate differentials, economic performance, and geopolitical stability. Exchange rate fluctuations can impact inflation, export and import levels, and overall economic growth. Highlight that exchange rate management is essential for maintaining economic stability and fostering international trade relations. The calculation of Exchange Rate is computed as follows .

$$\boldsymbol{Exchange\ Rate} = \frac{\boldsymbol{Net\ Buy + Net\ Sell}}{\mathbf{2}}$$

2.4. Stock Return

Return can be used to assess the success of a corporation [25]. Investors desire to buy shares so that they can profit from stock returns. Stock returns are the returns that investors earn for investing in publicly traded corporations. The number of investors that buy shares boosts the stock price and returns. There are two sorts of stock returns: yield or dividend and capital gain (loss). Yield is a component of return that depicts the flow of cash or income that may be generated on a regular basis from an investment [26], if investors invest in stocks, the amount of yield is represented in the amount of dividends received, whereas capital gain (loss) represents a rise. Decrease the price of securities that can generate profits (losses) for investors [26]**.** Stock Return is the level of profit enjoyed by investors on an investment [27]**.** This study uses capital gain (loss) because investors are required to be active in carrying out activities in the stock market and have the ability in technical analysis which is useful for getting big profits, while this study does not choose to use yield (dividends) because investors are more passive, just waiting. companies to distribute profits in the form of dividends and investors must have sufficient capital to invest in the company. The calculation of Stock Return is computed as follows

$$\boldsymbol{Stock\ Return} = \frac{(\boldsymbol{Ending\ Price - Beginning\ Price}) + \boldsymbol{Dividens}}{\boldsymbol{Beginning\ Price}} \times \mathbf{100}\%$$

III. RESEARCH METHOD

This study falls under the category of descriptive research and hypothesis testing. In this study, sample selection is chosen using a purposive sampling approach, in which data is altered based on the criteria established. (1) Companies registered on the Indonesian Stock Exchange; and (2) Companies that completed annual reports between Q1 2023 and Q1 2024. This study makes use of secondary data. This study's literature reviews refer to [21], as well as other related books and periodicals. Investing.com is a source for stock price and dividend information. GDP, inflation, and the rupiah exchange rate are all available at bps.go.id and bi.go.id. The author will evaluate the company's financial performance using valuation indicators (PER and PBV) and financial ratios (EPS, NPM, ROA, and ROA). This study will also look at the relationship between the company's financial performance (by valuation and financial ratio analysis) and its stock return condition. The method used to detect this link is panel data regression, and the statistical instrument is StataMP 17.

The conceptual framework outlines the impact of various financial and macroeconomic variables on stock returns (Y) for companies over a five-quarter period from 2023 to 2024. The framework is divided into three main categories: Financial Performance, Valuation, and Macroeconomic Conditions.

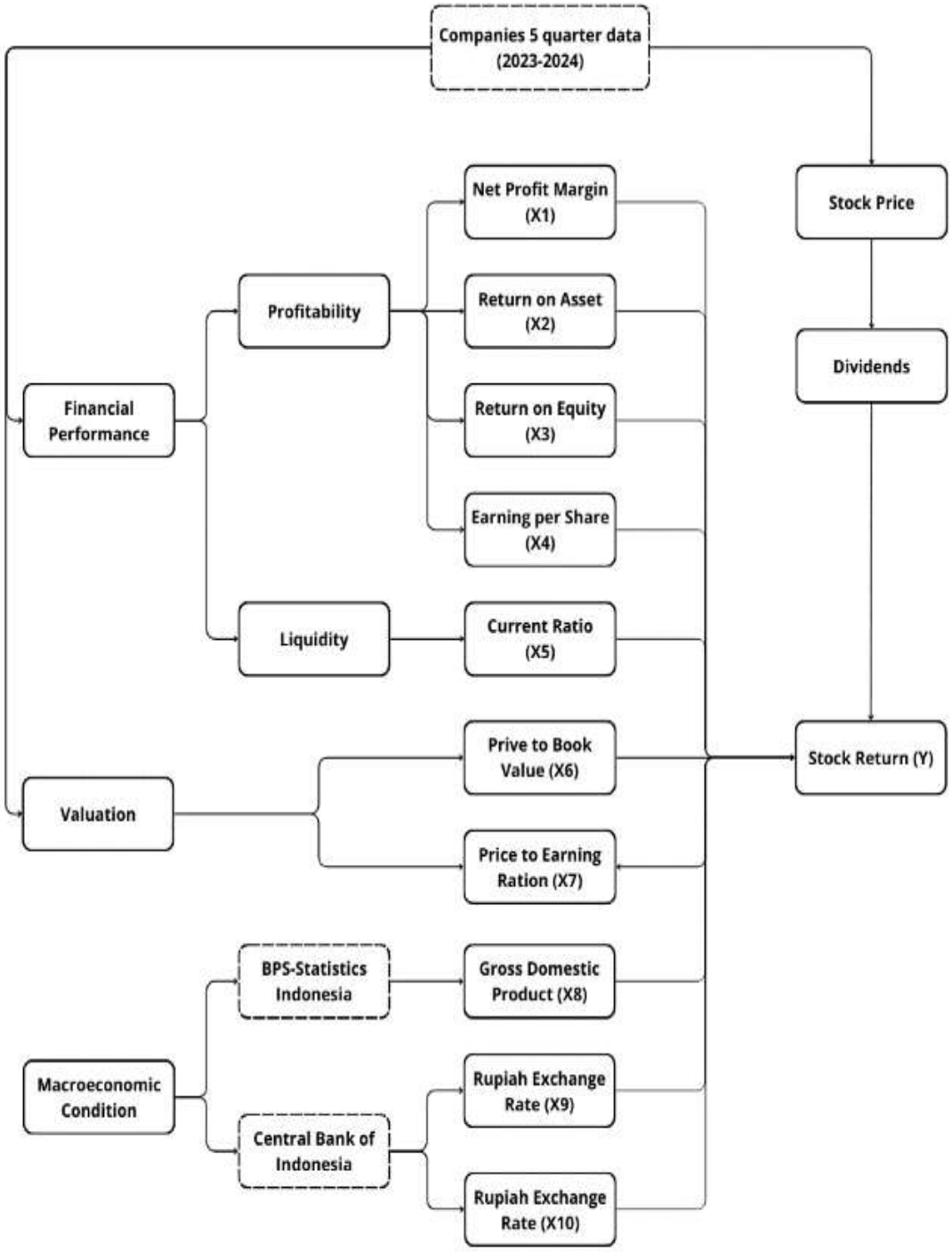

Figure 1: Conceptual Framework

The research design depicted in the diagram systematically addresses the business issues of manufacturing companies through a series of methodical steps grounded in scientific inquiry. Starting with the identification of business issues, the process aligns with methodologies outlined in academic research to ensure a comprehensive understanding of the problem space [28]. Defining the research objectives is a crucial next step, as it narrows the focus and sets clear, measurable goals for the study [29] .

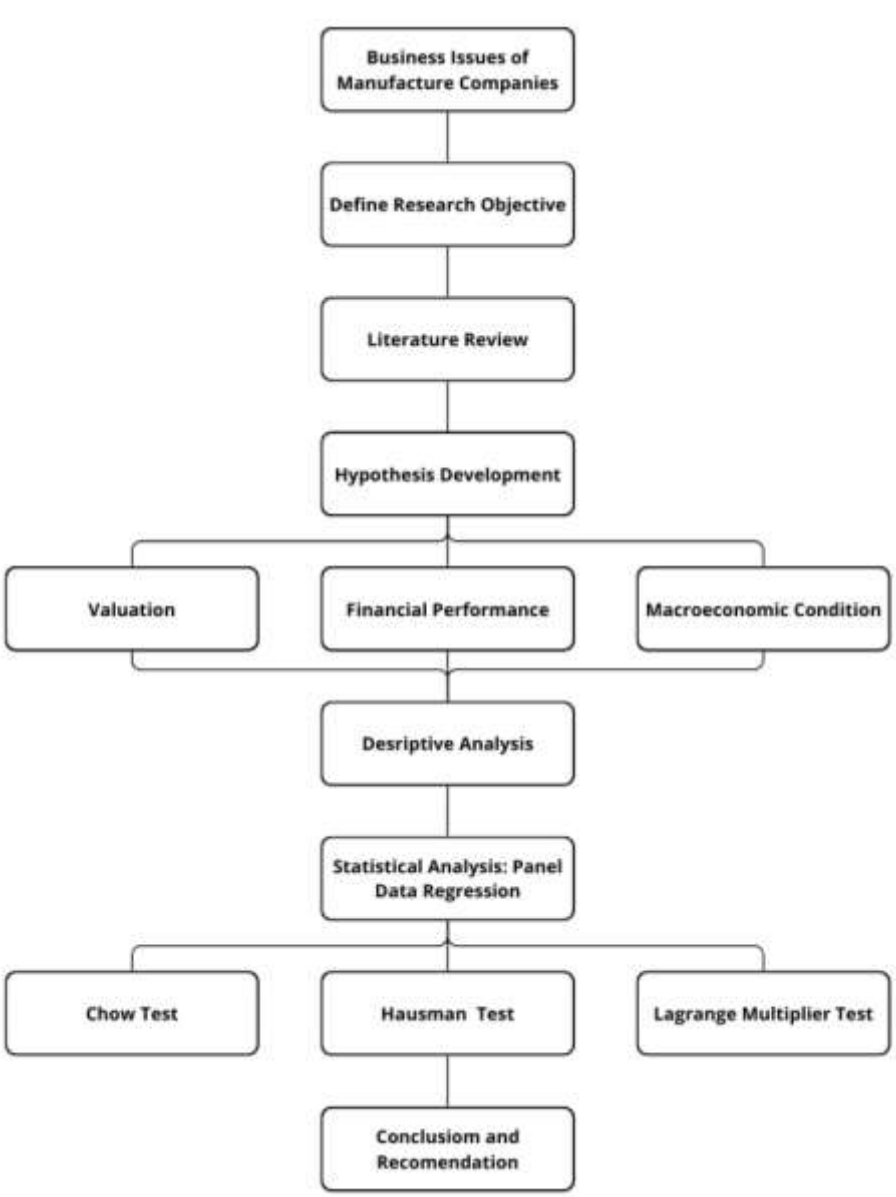

Figure 2: Research Design

IV. RESULT AND DISCUSSION

This chapter provides a comprehensive analysis of valuation, financial ratios and macroeconomic indicators, complemented by descriptive analysis and an empirical analysis using panel data regression analysis.

4.1. Descriptive Analysis

The analysis of key financial ratios and macroeconomic indicators is fundamental to understanding the financial health and performance of companies. This chapter delves into the descriptive analysis of Price-to-Earnings Ratio (PER), Price-to-Book Value (PBV), Net Profit Margin (NPM), Earnings Per Share (EPS), Return on Assets (ROA), Return on Equity (ROE), and Current Ratio (CR), alongside crucial macroeconomic variables such as Gross Domestic Product (GDP), inflation, exchange rates, and stock return.

1. PER Analysis

Scientific research over the past decade has extensively examined PER behavior, particularly focusing on anomalies and outliers. Studies indicate that extreme PER values can signal market inefficiencies, speculative bubbles, or significant corporate events. Fama and French, (2015) expanded on the Efficient Market Hypothesis, demonstrating that while markets are generally efficient, deviations in individual stocks, such as those seen with CAKK and HOPE, can present opportunities for abnormal returns.

Further, Shiller (2014) research in behavioral finance explains how psychological factors and investor overreaction can cause significant PER fluctuations. Such insights align with the data, suggesting that extreme values for CAKK and HOPE might result from overreaction to specific news or events. This emphasizes the

importance of understanding market dynamics and investor behavior to make informed financial predictions and decisions.

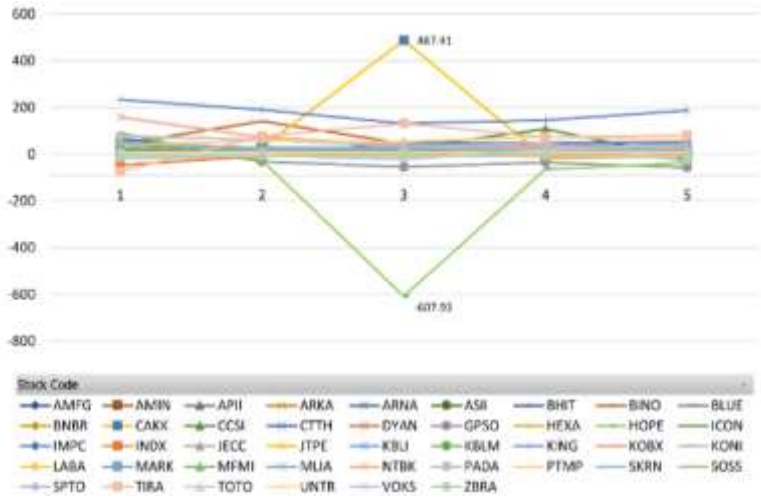

Figure 3: PER Analysis

The provided chart analyzes the Price-Earnings Ratio (PER) for various stock codes across five quarters, with the fifth quarter reflecting Q1 2024. Most stocks show stable PER values, but notable outliers include CAKK with a spike to 487.41 and HOPE with a drop to -607.93 in Q3 2023. These significant fluctuations suggest unusual financial events or market reactions for these specific stocks. This highlights the need to monitor individual stock performance closely, as it can impact investment decisions.

2. PBV Analysis

The high PBV for KING in early 2023 indicates a premium market valuation, possibly driven by investor expectations of strong future growth or profitability. However, the subsequent decrease in PBV might suggest a market correction or changes in investor perceptions. IMPC's relatively stable PBV values suggest consistent market valuation relative to its book value, indicating steady investor confidence and minimal volatility. Research by [31] supports this, emphasizing that high PBV ratios often reflect high growth prospects but can also indicate overvaluation if not supported by fundamental growth. [32] further elaborate that high PBV ratios may capture growth and risk considerations, with sustained high PBV often necessitating underlying growth to justify the valuation. Conversely, stable PBV ratios, as seen with IMPC, often signify steady financial performance and market stability, aligning with findings in the broader financial literature on market efficiency and valuation metrics.

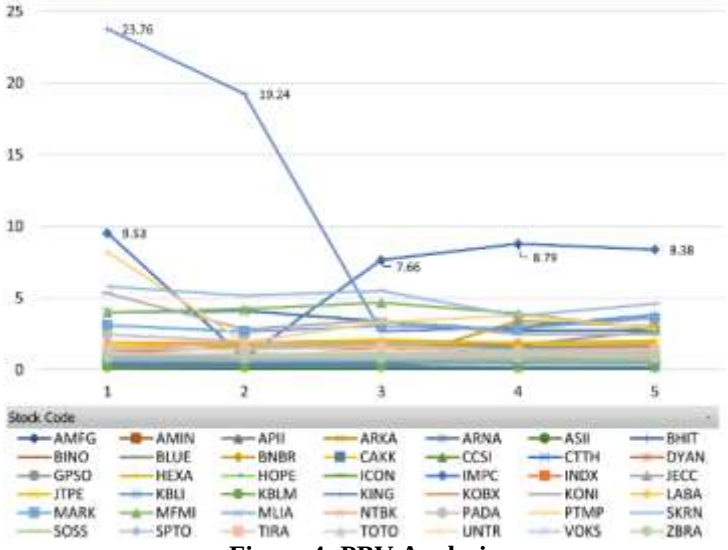

Figure 4: PBV Analysis

The chart displays the Price-to-Book Value (PBV) analysis for various stock codes over five quarters, where the fifth quarter represents Q1 2024. Notably, the stock code KING exhibited a significantly high PBV of 23.76 in Q1 2023, which decreased to 19.24 in Q2 2023, suggesting a strong initial market valuation compared

to its book value, followed by a slight decline. On the other hand, IMPC showed a PBV of 9.53 in Q1 2023, and its values remained relatively stable with slight fluctuations, registering 7.66 in Q3 2023, 8.79 in Q4 2023, and 8.38 in Q1 2024.

To contextualize these observations within the broader academic discourse, studies have shown that PBV ratios are crucial indicators of market sentiment and valuation. For instance, highlighted that stocks with higher PBV ratios tend to offer higher expected returns due to perceived growth opportunities but also come with higher risk [33]. Conversely, stocks with stable PBV ratios are often associated with lower volatility and more predictable returns, reflecting balanced market expectations. This analysis underscores the importance of monitoring PBV trends for investment decision-making, as significant deviations can signal underlying shifts in company performance or market sentiment.

3. NPM Analysis

The drastic negative NPM values for INDX in the initial quarters highlight potential operational inefficiencies or significant expenses outweighing revenues. However, the improvement seen in subsequent quarters may indicate effective cost management, increased revenue generation, or other strategic measures undertaken by the company to enhance profitability. Research by Penman (2003) suggests that companies with initially poor profitability but improving margins can be attractive to investors, as they may signal turnaround potential and long-term growth prospects. This aligns with the observed improvement in INDX's NPM, suggesting a positive outlook if the trend continues.

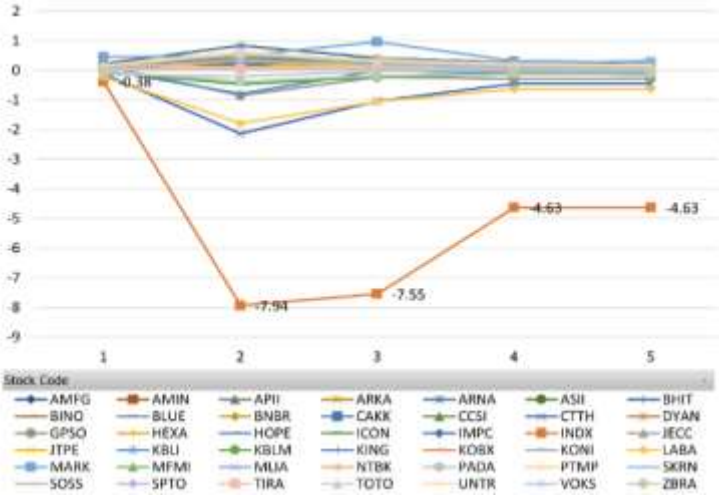

Figure 5: NPM Analysis

The stock code INDX displays a notable fluctuation in its NPM values. In Q2 2023, INDX had an NPM of -7.94, which slightly improved to -7.55 in Q3 2023 and then significantly increased to -4.63 in both Q4 2023 and Q1 2024. This trend indicates a gradual recovery in profitability for INDX, though it remains negative, suggesting that the company is still operating at a loss but is moving towards financial stabilization.

Further supporting this analysis, the importance of profitability metrics indicates that changes in profit margins are critical for assessing a company's financial health and future performance [35]. A recovering NPM, even if still negative, can attract investor interest by indicating that the company is on the path to recovery and potential profitability. The consistent improvement in INDX's NPM over the quarters suggests that the company might be addressing underlying issues and is likely to achieve a positive NPM if the trend persists. Continuous monitoring and analysis of such financial metrics are essential for making informed investment decisions and understanding the company's strategic direction.

4. EPS Analysis

The observed stability and marginal growth in EPS values for UNTR and other stocks could suggest a resilient performance amidst market conditions. EPS is a critical financial metric, reflecting a company's profitability allocated to each outstanding share of common stock, thus serving as an indicator of financial health and shareholder value [1]. The increasing trend in UNTR's EPS could be attributed to strategic corporate initiatives, effective cost management, or favorable market conditions. This consistency and growth in EPS are essential for investors as they evaluate the potential for future dividends and capital appreciation. According to recent studies, companies with stable and growing EPS are often perceived as less risky and more attractive to investors, which can lead to higher stock prices and market capitalization [36]

Figure 6: EPS Analysis

The figure IV.1.4. presents a comparative analysis of the Earnings Per Share (EPS) for various stocks over a specified period. The graph primarily focuses on the performance of different stock codes, with a significant highlight on the stock code "UNTR." The EPS values are plotted on the vertical axis, ranging from -1000 to 7000, while the horizontal axis represents the time period (or different instances) numbered from 1 to 5. From the data, it's evident that the stock codes generally exhibit minimal fluctuations in their EPS values, remaining relatively stable over the observed period. However, the stock code "UNTR" shows a slight upward trend in its EPS value, particularly noticeable towards the fifth period, indicating a potentially improving performance or profitability for this stock.

5. ROA Analysis

The contrasting trends between MARK and INDX highlight the importance of ROA as a metric for assessing company performance. A consistently high or stable ROA, as seen with MARK, can be indicative of effective asset management and a strong business model. Conversely, a declining or negative ROA, as observed with INDX, can signal underlying problems that may require strategic adjustments or improved operational efficiency. Investors often use ROA alongside other financial metrics to make informed decisions about potential investments, emphasizing the multifaceted nature of financial analysis [2].

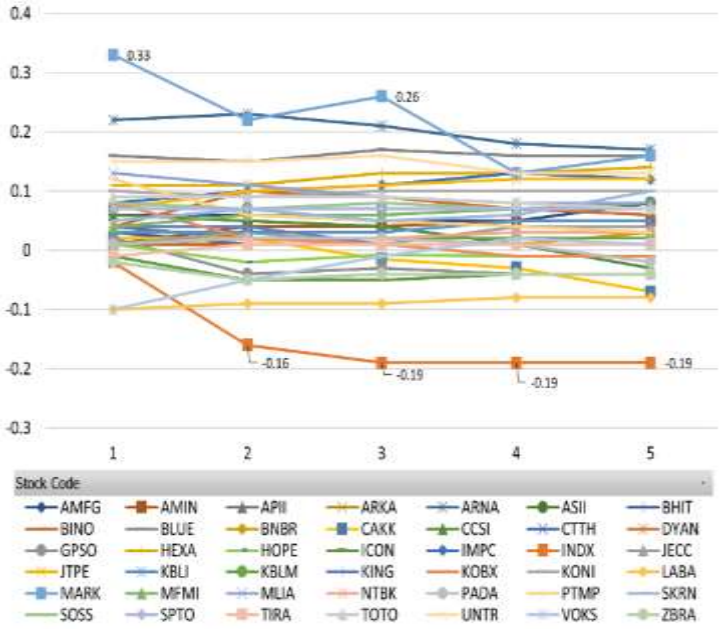

Figure 7: ROA Analysis

The figure 7. presents a comparative analysis of the Return on Assets (ROA) for various stocks over five periods. ROA is a key profitability metric that indicates how efficiently a company can manage its assets to generate earnings. In this graph, the ROA values are plotted on the vertical axis, ranging from -0.3 to 0.4, while

the horizontal axis represents the different time periods numbered from 1 to 5. The stock codes MARK (depicted by the blue line) and INDX (depicted by the orange line) are highlighted to show contrasting trends.
From the data, it is evident that the stock code MARK exhibits a relatively stable ROA, hovering around 0.26 after an initial peak at 0.33 in the first period. This indicates that MARK has maintained a consistent ability to generate returns from its assets over time. Such stability is often perceived positively in the financial markets, as it suggests reliable management and operational efficiency [37]. On the other hand, INDX shows a declining trend, with its ROA dropping from -0.16 in the second period to -0.19 in subsequent periods. This negative and declining ROA indicates inefficiencies and potential issues in utilizing assets to generate earnings, which could be a red flag for investors [38].

6. ROE Analysis

The data reveals that MARK has the highest ROE value at 0.43 in the first period, indicating a strong capacity to generate profits from its equity base. HEXA also shows a high ROE of 0.38, suggesting similarly efficient equity utilization. High ROE values, such as those of MARK and HEXA, are often indicative of strong financial performance and effective management practices. They can attract investors seeking high returns on their equity investments [2]. Conversely, VOKS exhibits a significantly negative ROE of -0.4, highlighting potential financial struggles and inefficiencies in generating returns from its equity. INDX shows a negative ROE of -0.25 in the second period and -0.27 in the fifth period, indicating persistent challenges in leveraging equity to produce profits.

The contrasting ROE values among these stock codes underscore the importance of this metric in evaluating corporate performance. A high ROE, as seen with MARK and HEXA, can signal robust profitability and effective use of equity capital, potentially leading to higher investor confidence and stock valuations [1]. On the other hand, negative ROE values, such as those for VOKS and INDX, may indicate underlying issues like poor management, excessive debt, or inefficient operations, which could deter investors and impact the company's market perception. These insights highlight the critical role of ROE in investment decision-making and the need for companies to focus on improving their equity efficiency to enhance financial performance and investor appeal [36]

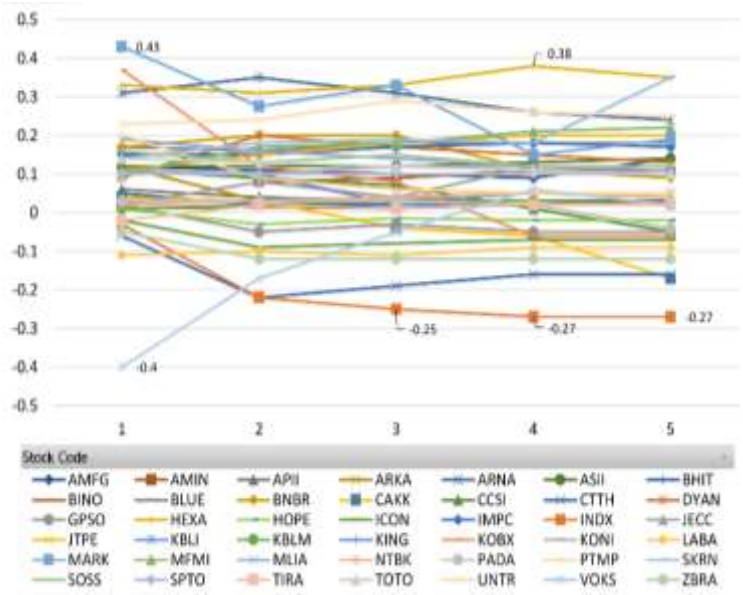

Figure 8: ROE Analysis

The figure 8 ROE Analysis presents a comparative analysis of the Return on Equity (ROE) for various stocks over five periods. ROE is a critical financial metric that measures a company's profitability relative to shareholders' equity, indicating how efficiently a company utilizes equity investments to generate profits. The graph shows ROE values on the vertical axis, ranging from -0.5 to 0.5, while the horizontal axis represents the different time periods numbered from 1 to 5. Key stock codes highlighted are MARK (0.43), HEXA (0.38), VOKS (-0.4), and INDX (-0.25, -0.27).

7. CR Analysis

The notable fluctuation in the BLUE stock code's CR values suggests a period of significant changes in the company's liquidity position. This could be attributed to various factors such as major financial transactions, changes in current assets or liabilities, or strategic business decisions impacting liquidity. Emphasize that while a higher CR generally suggests a better liquidity position, an excessively high CR might indicate inefficiency in

utilizing assets [39]. Therefore, the sharp rise and subsequent fall in BLUE's CR should be further investigated to understand the underlying causes and implications for the company's financial strategy.

Such fluctuations in the CR can indicate instability in the company's short-term financial health, which may affect investor confidence ([40]. While a higher CR generally suggests a better liquidity position, an excessively high CR might indicate inefficiency in utilizing assets [41]. It is crucial to understand the underlying causes and implications for the company's financial strategy, which can also affect financial development, income inequality, and country risk [42].

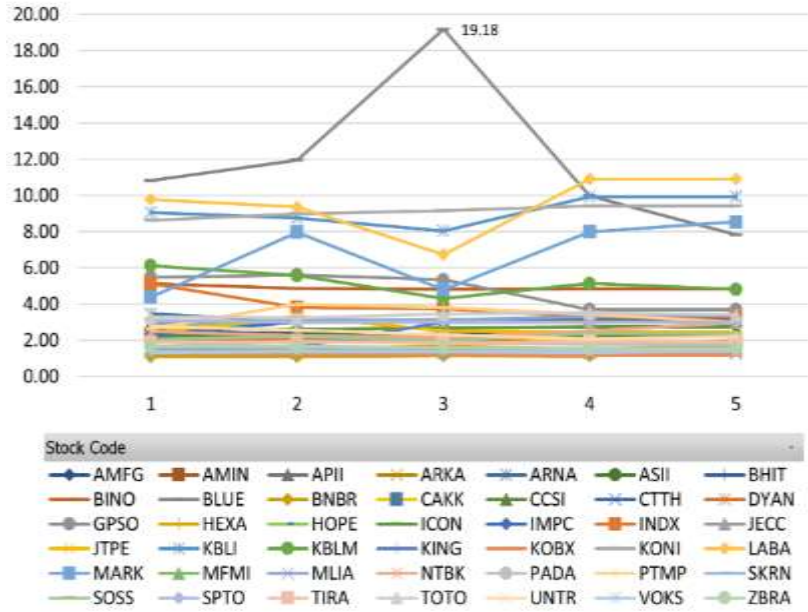

Figure 9: CR Analysis

The graph presented in Figure 9 illustrates the Current Ratio (CR) analysis of various stock codes, as shown in the legend. The Current Ratio is a key liquidity metric that measures a company's ability to pay short-term obligations with its short-term assets. From the graph, it is evident that most stock codes exhibit relatively stable CR values over the five observed periods, with minor fluctuations. However, the stock code "BLUE" demonstrates a significant variation in its CR values compared to the other stock codes. The CR value for BLUE starts at approximately 10, rises sharply to 19.18 in the third period, and then declines back to around 10 in the subsequent periods.

8. GDP Analysis

The GDP analysis in Figure IV.8 illustrates the quarterly performance of Indonesia's Gross Domestic Product (GDP) over four quarters in 2023 and the first quarter of 2024. The chart indicates that GDP started at 5.03 in Q1 2023, peaked at 5.17 in Q2, declined to 4.94 in Q3, and then gradually increased to 5.04 in Q4 2023, reaching 5.11 in Q1 2024. This fluctuation highlights the dynamic nature of Indonesia's economic growth, which can be influenced by various factors such as domestic consumption, government spending, investment levels, and external trade conditions. According to research by [43], GDP fluctuations in emerging economies like Indonesia are often driven by sectoral shifts, policy changes, and global economic trends.

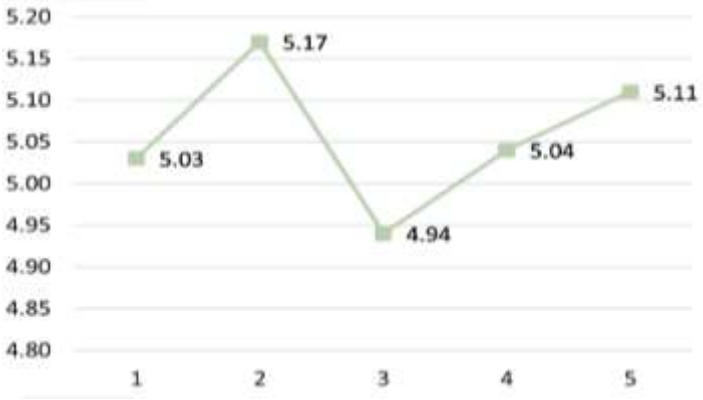

Figure 10: GDP Analysis

The observed peak in Q2 2023, followed by a dip in Q3, suggests the presence of temporary factors that either boosted economic activity mid-year or constrained it later. Possible explanations could include seasonal effects, changes in government policy, or variations in export and import activities.

The subsequent recovery in Q4 2023 and further growth in Q1 2024 indicate resilience and potential recovery of the economy, possibly due to improved market conditions, increased domestic demand, or effective fiscal and monetary policies. Maintaining consistent economic growth in such economies requires balancing external vulnerabilities and internal economic policies to foster sustainable development[44].

9. Inflation Rate Analysis

The inflation rate analysis of Indonesia as depicted in the provided chart shows a fluctuation in the inflation rates over five quarters. This analysis can be explained in the context of recent studies on Indonesia's economic and monetary policies. According to research, Indonesia's inflation dynamics are influenced by a combination of factors including monetary policy decisions, fiscal measures, and external economic shocks. A study from the Buletin Ekonomi Moneter dan Perbankan discusses how monetary policy, particularly the setting of interest rates by Bank Indonesia, plays a critical role in managing inflation [45]. The central bank's actions in response to economic conditions, such as adjusting the benchmark interest rate, directly impact inflation trends.

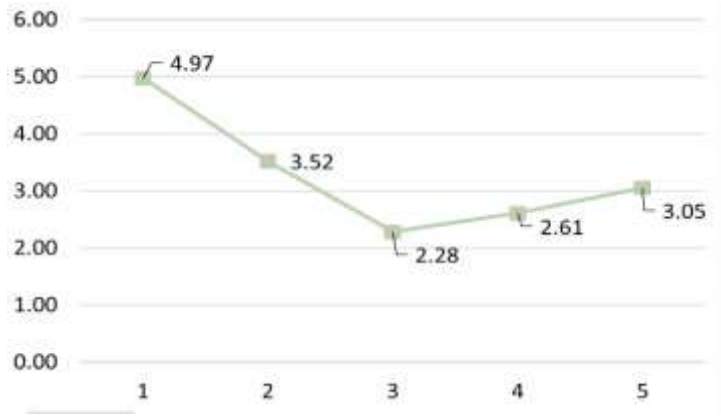

Figure 11: Inflation Rate Analysis

Another study highlights the complex interaction between fiscal and monetary policies in Indonesia, especially during periods of economic turmoil [46]. This study notes that during times of external shocks, such as the COVID-19 pandemic, Indonesia has employed a mix of fiscal stimuli and accommodative monetary policies to stabilize the economy. This approach helps in managing inflation, but also leads to fluctuations as seen in the graph, where the inflation rate decreases from 4.97 to 2.28 and then slightly increases to 3.05.

10. Exchange Rate Rupiah Analysis

The graph presents the exchange rate of the Indonesian Rupiah (IDR) against the US Dollar (USD) across five data points. The first four points represent the quarterly rates for the year 2023, while the fifth point corresponds to the first quarter of 2024. The exchange rate fluctuates initially but shows a significant increase towards the end of the period, suggesting a depreciation of the Rupiah against the Dollar.

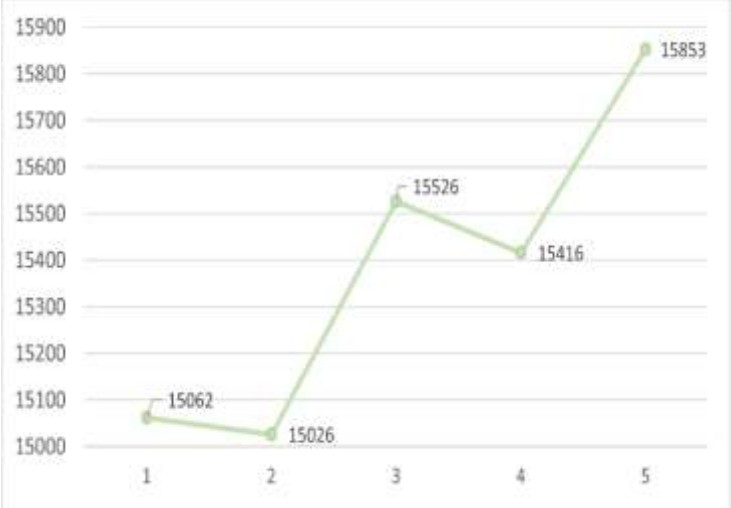

Figure 12: Exchange Rate Rupiah Analysis

In 2023, the exchange rate starts at approximately 15,062 IDR/USD, drops slightly to 15,026 IDR/USD in the second quarter, and then increases to 15,526 IDR/USD in the third quarter. The rate drops again to 15,416 IDR/USD in the fourth quarter, before a steep rise to 15,853 IDR/USD in the first quarter of 2024. This trend indicates that the Rupiah weakened significantly against the Dollar, especially in the first quarter of 2024. This depreciation could be influenced by various macroeconomic factors, including inflationary pressures, changes in interest rates, trade deficits, or political instability, which often impact currency values [47]

The overall trend of the Rupiah's depreciation aligns with broader regional and global economic patterns observed in recent years. Emerging market currencies often experience volatility due to external shocks and internal economic policies [48]. The significant drop in the exchange rate in the first quarter of 2024 could be attributed to global economic conditions or domestic fiscal and monetary policy changes aimed at addressing economic challenges [47]. Understanding these dynamics is crucial for policymakers and investors to navigate the complexities of the currency markets effectively.

11. Stock Return Analysis

The stock return analysis illustrated in Figure 13 showcases considerable fluctuations among various companies throughout the observed periods. Notably, PTMP achieved the highest stock return of 0.75 in Q3 2023, while CTTH experienced the lowest return of -0.76 in Q2 2023. Such pronounced volatility underscores the dynamic nature of stock performance, which can be influenced by a myriad of factors including company-specific developments, industry trends, and broader economic conditions. Stock return volatility often reflects the market's response to new information, both positive and negative, affecting investor sentiment and trading behavior [49]. PTMP's substantial return in Q3 2023 could be indicative of strong financial performance, successful strategic initiatives, or positive market reactions, potentially driven by favorable earnings reports, effective management decisions, or advantageous industry developments.

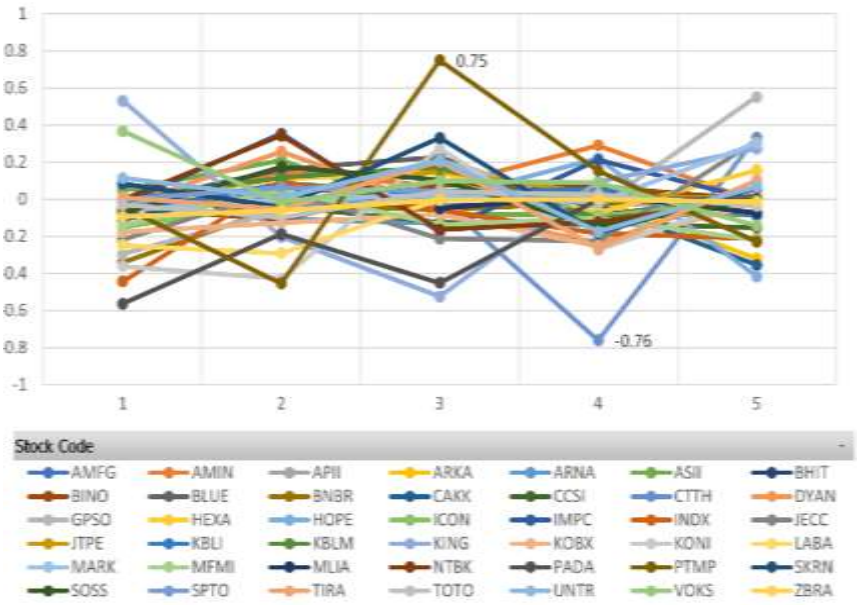

Figure 13: Stock Return Analysis

Conversely, the sharp decline in CTTH's stock return in Q2 2023 suggests significant challenges or negative market perceptions during that period. This downturn may be attributable to poor financial results, adverse industry trends, or external economic pressures impacting the company's operations. As [4] point out, negative returns can also be influenced by broader market downturns or sector-specific difficulties, highlighting the interconnected nature of firm performance and macroeconomic factors. The observed volatility in stock returns underscores the importance of comprehensive financial analysis and strategic management to navigate and mitigate the impacts of such fluctuations on company performance and investor confidence.

4.2. Statictical Analysis

This study uses panel data regression analysis consisting of cross-section data and time-series data, and the statistical tool that will be used is STATAMP 17. The main model in this study is a Common Effect Model based on Chow and Lagrange Multiplier Test. The results of the regression are summarized in the provided table, showing coefficients for multiple independent variables such as PER, PBV, NPM, EPS, ROA, ROE, CR, GDP, inflation rate, and exchange rate. Since the model failed the heteroscedasticity test, Weighted Least Squares (WLS) is used to correct this issue.

Weighted Least Squares (WLS) is a regression method that addresses heteroscedasticity by assigning different weights to each data point based on the variance of its observed error term. This ensures that observations with larger errors (higher variance) have less influence on the estimation process, leading to more efficient and reliable coefficient estimates. In the provided regression analysis, WLS is used because the model did not meet the heteroscedasticity test, indicating non-constant variance in the error terms. By applying WLS, the study corrects for heteroscedasticity, ensuring that the regression results are robust and the standard errors are unbiased and consistent. This method improves the reliability of hypothesis tests and confidence intervals, enhancing the overall explanatory power of the model [50].

In financial econometrics, addressing heteroscedasticity is crucial for obtaining reliable regression results. The use of WLS in this study aligns with the best practices in econometric modeling. By accounting for heteroscedasticity, WLS provides more efficient parameter estimates and valid standard errors, ensuring that the conclusions drawn are robust and accurate. This approach is well-documented in the literature and has been successfully applied in numerous financial studies [50], [51]. The following is a figure of common effect model test results for the dependent variable effect of stock return with all independent variables.

stockreturn	Coefficient
per	-.0000239
pbv	.0097947
npm	.0021685
eps	.0000145
roa	.5372203
roe	-.2497561
cr	.0001924
gdp	.0609218
inflation	-.0238391
exchangerate	7.05e-06
_cons	-.3838272

Figure 14: Coefficient Equation Regression with STATAMP17

Based on Figure IV.12 Regression Panel Data: Common Effect Model (Stock Return), the value of the coefficient constant can be seen so that the panel data regression equation can be formed as follows.

$$\textbf{\textit{Stock Return}} = -0.0000239\ \textit{PER} + 0.0097947\ \textit{PBV} + 0.0021685\ \textit{NPM} + 0.000145\ \textit{EPS} + 0.5372203\ \textit{ROA} - 0.2497561\ \textit{ROE} + 0.0001924\ \textit{CR} + 0.0609218\ \textit{GDP} - 0.0238391\ \textit{INFLATION RATE} + 0.00000705\ \textit{EXCHANGE RATE} - 0.3838272$$

The coefficient for the Price-Earnings Ratio (PER) is -0.0000239, suggesting a very slight negative relationship between PER and stock returns. This implies that higher PER ratios, which indicate that a stock is potentially overvalued, may slightly decrease stock returns. This aligns with studies indicating that high PER ratios often correlate with lower future returns [4]. On the other hand, the Price-to-Book Value (PBV) ratio, with a coefficient of 0.0097947, shows a positive relationship with stock returns. This indicates that stocks with higher PBV ratios, which may reflect investor confidence in a company's growth potential, are associated with higher returns. This finding is consistent with literature that shows PBV as a significant predictor of stock performance [4].

Several financial performance metrics also show significant relationships with stock returns. Net Profit Margin (NPM) has a positive coefficient of 0.0021685, indicating that higher profit margins contribute to higher stock returns. This result underscores the importance of profitability in driving stock performance, as firms with higher margins are typically more efficient and generate higher returns [52]. Earnings Per Share (EPS) has a coefficient of 0.0000145, suggesting a marginal positive effect on stock returns, aligning with the general consensus that higher EPS positively influences stock prices [53]. Return on Assets (ROA) has a strong positive coefficient of 0.5372203, underscoring the significance of a firm's efficiency in utilizing its assets to generate earnings, which is a critical factor for investors. Conversely, Return on Equity (ROE) has a negative coefficient of -0.2497561, suggesting an inverse relationship with stock returns. While typically positive, this finding might reflect issues such as high financial leverage or other risks that could negatively impact returns [4]. Lastly, the Current Ratio (CR) shows a coefficient of 0.0001924, indicating a positive but minimal impact on stock returns. This suggests that an increase in the company's current ratio, which measures its ability to cover short-term liabilities with short-term assets, slightly boosts stock returns. This finding aligns with [54], who highlights that a higher current ratio can signal greater financial stability and thus positively influence investor confidence and stock prices.

Several macroeconomic indicators also affect stock returns. The coefficient for Gross Domestic Product (GDP) is 0.0609218, indicating a positive impact on stock returns. This is consistent with macroeconomic theory, which posits that economic growth boosts corporate earnings and investor confidence [55]. The inflation rate, with a negative coefficient of -0.0238391, shows that higher inflation rates erode stock returns. High inflation can increase economic uncertainty, causing investors to demand a higher risk premium for holding stocks, which depresses stock prices [56]. Lastly, the exchange rate has a coefficient of 0.00000705, showing a minor positive effect on stock returns. Exchange rate fluctuations can impact multinational companies' earnings, and a favorable exchange rate may boost returns [57]

4.3. Hypothesis Testing

The first hypothesis test is the Partial Test or t-Statistic. The following are the results of the t-statistic analysis on Stock Return.

Source	SS	df	MS	Number of obs	=	210
				F(10, 199)	=	92.28
Model	.106219782	10	.010621978	Prob > F	=	0.0000
Residual	.022906453	199	.000115108	R-squared	=	0.8226
				Adj R-squared	=	0.8137
Total	.129126235	209	.000617829	Root MSE	=	.01073

stockreturn	Coefficient	Std. err.	t	P>|t|	[95% conf.	interval]
per	-.0000239	.0000383	-0.62	0.534	-.0000994	.0000517
pbv	.0097947	.0010061	9.73	0.000	.0078106	.0117787
npm	.0021685	.0027439	0.79	0.430	-.0032423	.0075792
eps	.0000145	1.44e-06	10.06	0.000	.0000117	.0000174
roa	.5372203	.0462166	11.62	0.000	.4460831	.6283575
roe	-.2497561	.020084	-12.44	0.000	-.2893609	-.2101514
cr	.0001924	.00051	0.38	0.706	-.0008133	.0011981
gdp	.0609218	.0173662	3.51	0.001	.0266764	.0951672
inflation	-.0238391	.0017229	-13.84	0.000	-.0272367	-.0204415
exchangerate	7.05e-06	4.22e-06	1.67	0.096	-1.27e-06	.0000154
_cons	-.3838272	.1006613	-3.81	0.000	-.5823268	-.1853275

Figure 15: Hypothesis Testing with STATAMP17

The hypothesis testing results for the data processing using STATA MP 17 provide significant insights into the relationships between various financial ratios and stock returns. Based on the partial t-statistic analysis, several hypotheses were tested individually:

1. The Price-Earnings Ratio (PER) showed a p-value of 0.534, greater than the significance level of 0.05, indicating that PER does not significantly affect stock returns (H1 is rejected).
2. The Price-Book Value (PBV) had a p-value of 0.000, less than 0.05, thus significantly affecting stock returns (H2 is accepted).
3. The Net Profit Margin (NPM) had a p-value of 0.430, greater than 0.05, indicating that NPM does not significantly affect stock returns (H3 is rejected).
4. Earnings Per Share (EPS) with a p-value of 0.000 strongly influences stock returns, leading to the acceptance of H4.
5. Return on Assets (ROA) with a p-value of 0.000 significantly impacts stock returns, resulting in the acceptance of H5.
6. Return on Equity (ROE) shows a significant effect with a p-value of 0.000, thus accepting H6.
7. The Current Ratio (CR) has a p-value of 0.706, greater than 0.05, indicating that CR does not significantly affect stock returns (H7 is rejected).
8. The Gross Domestic Product (GDP) has a significant impact with a p-value of 0.001, thus accepting H8.
9. Inflation rate has significant effect with a p-value of 0.000, thus accepting H9.
10. The Exchange Rate, with a p-value of 0.096, greater than 0.05, indicating that Exchange Rate does not significantly affect stock returns (H10 is rejected).
11. The simultaneous F-test results reveal that the overall model, considering all variables together, is highly significant. The F-statistic probability value of 0.0000 is less than 0.1, indicating that the combined effect of PER, PBV, NPM, EPS, ROA, ROE, CR, GDP, Inflation, and Exchange Rate on stock returns is statistically significant, thereby accepting H11.

The coefficient of determination (R^2) for the model is 0.8226, meaning that 82.26% of the variability in stock returns can be explained by the independent variables included in the study. The adjusted R-squared value

of 0.8137 supports this finding, indicating a robust model fit. The remaining 17.74% of the variation in stock returns is attributed to other factors not covered in this analysis. Overall, the hypotheses testing confirms that PBV, EPS, ROA, ROE, CR, GDP, and, to a lesser extent, the Exchange Rate, are significant predictors of stock returns, while PER, NPM, and Inflation do not have a significant impact.

4.4. Discussion

1. Effect of Valuation on Stock Return

The analysis reveals that the Price to Earnings Ratio (PER) has a coefficient of -0.000239 with a p-value of 0.534, indicating that PER does not significantly affect stock returns. In contrast, the Price to Book Value (PBV) has a coefficient of 0.0097947 and a highly significant p-value of 0.000, suggesting that PBV positively affects stock returns.

Comparing these results with previous research found that PBV significantly impacts stock returns, which is consistent with our findings [58]. Reported previous research that PBV was not significant [59], while PER was significant, which contrasts with our findings on PER but aligns with the PBV's insignificance. Previous research found PER to be significant[60], differing from our results where PER was not significant.

2. Effect of Financial Performance on Stock Return

Net Profit Margin (NPM) has a coefficient of 0.0021685 with a p-value of 0.430, indicating no significant effect on stock returns. Earnings Per Share (EPS) shows a coefficient of 0.0000145 and a highly significant p-value of 0.000, suggesting a significant positive effect on stock returns. Return on Assets (ROA) and Return on Equity (ROE) have coefficients of 0.5372203 and -0.2497561, respectively, with both having significant p-values of 0.000, indicating significant effects. Current Ratio (CR) with a coefficient of 0.0001924 and a p-value of 0.706 indicates no significant effect.

Comparing these findings with previous research found ROE and NPM to be not significant[61], which aligns with our finding that NPM is not significant but contrasts with our finding that ROE is significant. [62] reported significant effects of ROE on stock returns but found ROA insignificant, differing from our findings where both were significant. found that ROA and ROE did not significantly affect stock returns, contrary to our results. [64] reported significant effects of CR on stock returns, differing from our findings where CR was not significant. [65] found ROA insignificant, similar to [25], who found ROA significant and NPM insignificant.

3. Effect of Macroeconomic Conditions on Stock Return

The Gross Domestic Product (GDP) shows a coefficient of 0.0609218 with a p-value of 0.001, indicating a significant positive effect on stock returns. The Inflation rate has a coefficient of -0.0238391 and a highly significant p-value of 0.000, suggesting a significant negative effect. The Exchange rate with a coefficient of 7.05e-06 and a p-value of 0.096 indicates a positive but not significant effect.

Research by [66] supports the finding that the exchange rate significantly affects stock returns, while the inflation rate does not. [67] also found significant effects of the exchange rate on stock returns. [68] found significant effects of GDP growth and inflation on stock prices. [69] reported that inflation did not significantly affect stock returns, which aligns with our findings on inflation.

V. CONCLUSION AND RECOMMENDATION

5.1. Conclusion

The purpose of this research was to identify and analyze the critical factors affecting stock returns in the manufacturing sector listed on the Indonesia Stock Exchange (IDX). Based on the analysis and interpretation presented in Chapter IV, several key findings have been identified that illuminate the dynamics of stock returns.

Valuation metrics, specifically the Price-to-Earnings Ratio (PER) and Price-to-Book Value (PBV), showed varied significance in influencing stock returns. While PBV was found to have a statistically significant effect on stock returns, indicating that companies with higher PBV ratios tend to have better stock performance, PER did not show a statistically significant effect. This underscores the importance of PBV as a reliable metric for investors when assessing stock investments in the manufacturing sector.

Financial performance indicators demonstrated mixed results regarding their impact on stock returns. Earnings Per Share (EPS), Return on Assets (ROA), and Return on Equity (ROE) were found to have statistically significant positive effects on stock returns, highlighting that companies with higher profitability and efficient asset utilization are likely to perform better in the stock market. On the other hand, Net Profit Margin (NPM) did not show a statistically significant effect on stock returns. This suggests that while profitability is crucial, the overall efficiency and returns generated from assets and equity play a more vital role in influencing stock returns.

Macroeconomic conditions also revealed significant impacts on stock returns. The study found that Gross Domestic Product (GDP) growth and the Inflation Rate had statistically significant effects on stock returns. A higher GDP growth rate and a stable inflation rate contribute positively to stock performance,

enhancing investor confidence. However, the Exchange Rate did not show a statistically significant effect, indicating that currency fluctuations might not have a direct impact on stock returns in the manufacturing sector. Based on the statistical tool's analysis using STATAMP 17. Simultaneously, independent variables, such as PER, PBV, NPM, EPS, ROA, ROE, CR, GDP, Inflation Rate, dan Rupiah Exchange Rate significantly affect the stock return of manufacture companies listed in IDX in Q1 2023- Q1 2024. Stock return can be explained by 82.26% from PER, PBV, NPM, EPS, ROA, ROE, CR, GDP, Inflation Rate, dan Rupiah Exchange Rate, while variables outside the study explain the remaining 17.74%.

5.2. Recommendation

For corporate management, it is essential to enhance financial transparency by prioritizing robust accounting practices, regular financial health checks, and clear communication with investors to stabilize valuation ratios and reduce market volatility. Additionally, optimizing operational efficiency through improving operational efficiencies, optimizing resource allocation, and adopting cost-reduction strategies can enhance financial performance metrics like NPM, EPS, ROA, and ROE.

For investors, focusing on stable companies with reasonable valuation metrics is recommended, as these are likely to deliver more consistent and higher stock returns. Investors should regularly monitor financial performance indicators and macroeconomic conditions to make informed investment decisions. Policymakers and economic advisors should closely monitor GDP growth, inflation rates, and exchange rates as these significantly impact the stock market. Strategic planning that anticipates economic shifts and incorporates flexibility can help buffer against macroeconomic volatility.

REFERENCES

[1] S. H. Penman, *Financial statement analysis and security valuation*. McGraw-hill, 2013.

[2] A. Damodaran, *Investment valuation: Tools and techniques for determining the value of any asset*, vol. 666. John Wiley & Sons, 2012.

[3] B. Graham and D. Dodd, *Security Analysis: Sixth Edition, Foreword by Warren Buffett*. in Axis 360. McGraw Hill LLC, 2008. [Online]. Available: https://books.google.co.id/books?id=-SVwCBG5ZiwC

[4] E. F. Fama and K. R. French, "A five-factor asset pricing model," *J financ econ*, vol. 116, no. 1, pp. 1–22, 2015.

[5] W. Xu, Z. Xiao, X. Dang, D. Yang, and X. Yang, "Financial ratio selection for business failure prediction using soft set theory," *Knowl Based Syst*, vol. 63, pp. 59–67, 2014, doi: 10.1016/j.knosys.2014.03.007.

[6] S. Mithas, A. Tafti, I. Bardhan, and J. M. Goh, "Information Technology and Firm Profitability: Mechanisms and Empirical Evidence," *MIS Quarterly*, vol. 36, no. 1, pp. 205–224, Jun. 2012, doi: 10.2307/41410414.

[7] S. Siddik and U. Wulandari, "The Influence of Corporate Social Responsibility Disclosure, Leverage, Sales Growth, and Industry Type on Profitability in Manufacturing Companies Listed at Indonesia Stock Exchange," *journal of accounting finance and auditing studies (JAFAS)*, vol. 5, no. 1, pp. 18–31, 2019, doi: 10.32602/jafas.2019.1.

[8] I. N. H. Bukit and M. B. A. Anggomo, Ir. Achmad Herlanto, "The Effect of Price to Book Value (PBV), Dividend Payout Ratio (DPR), Return on Equity (ROE), Return on Asset (ROA), and Earning Per Share (EPS) Toward Stock Return of LQ 45 for the Period of 2006-2011," *Review of Integrative Business and Economics Research*, vol. 2, no. 2, pp. 22–44, 2013, [Online]. Available: http://search.proquest.com/docview/1513315176/abstract/27EBF2F471EF45AAPQ/2?accountid=38628#

[9] M. Kohar Mudzakar and I. P. Wardanny, "The Effect Of Return On Asset, Return On Equity, Earning Per Share, And Price Earning Ratio Toward Stock Return (Empirical Study Of Transportation)," *Turkish Journal of Computer and Mathematics Education*, vol. 12, no. 8, pp. 387–392, 2021, [Online]. Available: www.idx.co.id

[10] T. L. SHA, "Effects_of_Price_Earnings_Rati," *Effects of Price Earnings Ratio, Earnings Per Share, Book to Market Ratio and Gross Domestic Product on Stock Prices of Property and Real Estate Companies in Indonesia Stock Exchange*, vol. 11, no. 1, pp. 1743–1754, 2017.

[11] I. F. Sholikah and N. Nurasik, "Effect of ROA (Return On Assets), ROE (Return On Equity), NPM (Net Profit Margin), and EPS (Earning Per Share) on Stock Prices," *Academia Open*, vol. 5, no. 8, pp. 1388–1403, 2021, doi: 10.21070/acopen.5.2021.2406.

[12] T. N. Nariswari and N. M. Nugraha, "Profit Growth : Impact of Net Profit Margin, Gross Profit Margin and Total Assests Turnover," *International Journal of Finance & Banking Studies (2147-4486)*, vol. 9, no. 4, pp. 87–96, 2020, doi: 10.20525/ijfbs.v9i4.937.

[13] A. Husna and I. Satria, "Effects of Return on Asset, Debt To Asset Ratio, Current Ratio, Firm Size, and Dividend Payout Ratio on Firm Value," *International Journal of Economics and Financial Issues*, vol. 9, no. 5, pp. 50–54, 2019, doi: 10.32479/ijefi.8595.

[14] J. Jane Muthoni, H. Shimelis, and R. Melis, "Potato Production in Kenya: Farming Systems and Production Constraints," *Journal of Agricultural Science*, vol. 5, no. 5, 2013, doi: 10.5539/jas.v5n5p182.

[15] M. E. Barth and W. R. Landsman, "How did Financial Reporting Contribute to the Financial Crisis?," *European Accounting Review*, vol. 19, no. 3, pp. 399–423, Sep. 2010, doi: 10.1080/09638180.2010.498619.

[16] i made Sudana, *Manajemen Keuangan Perusahaan : Teori dan Praktik*. Erlangga, 2015.

[17] T. Supriyadi, "Effect of Return on Assets (Roa), Return on Equity (Roe), and Net Profit Margin (Npm) on the Company'S Value in Manufacturing Companies Listed on the Exchange Indonesia Securities Year 2016-2019," *International Journal of Economics, Business and Management Research*, vol. 5, no. 04, pp. 219–228, 2021, [Online]. Available: www.ijebmr.com

[18] S. Hermuningsih, "Bulletin of Monetary Economics and Banking STRUKTUR MODAL TERHADAP NILAI PERUSAHAAN PADA Pengaruh Profitabilitas , Growth Opportunity , Sruktur Modal Terhadap Nilai Perusahaan Pada Perusahaan Publik di Indonesia," *Bulletin of Monetary Economics and Banking Volume*, vol. 16, no. 2, pp. 1–22, 2008, [Online]. Available: https://bmeb.researchcommons.org/bmeb/vol16/iss2/8

[19] E. F. Brigham and M. C. Ehrhardt, *Study Guide for Brigham/Ehrhardt's Financial Management: Theory & Practice*. Cengage Learning, 2013.

[20] J. Berk, P. DeMarzo, J. Harford, G. Ford, V. Mollica, and N. Finch, *Fundamentals of corporate finance*. Pearson Higher Education AU, 2013.

[21] L. J. Gitman, R. Juchau, and J. Flanagan, *Principles of managerial finance*. Pearson Higher Education AU, 2015.

[22] O. Blanchard, "MACROECONOMICS," pp. 1–18, 2021.

[23] N. G. Mankiw, "Principles Of Economics . Cengage Learning," *Boston, MA, USA*, 2020.

[24] F. S. Mishkin, *The economics of money, banking, and financial markets*. Pearson education, 2007.

[25] D. Nadyayani and A. Suarjaya, "The Effect of Profitability on Stock Return," *American Journal of Humanities and Social Sciences Research*, vol. 5, no. 1, pp. 695–703, 2021, [Online]. Available: www.ajhssr.com

[26] E. Tandelilin, *Investasi dan Portofolio (Teori Aplikasi)*, Edisi Pert. Kanisius, 2010.

[27] Irvan and D. Rousilita Suhendah, "Growth in Total Covid-19 Confirm Cases, Growth in Total Covid-19 Death Cases, Growth in Total Covid-19 Recovery Cases," vol. IV, no. 3, pp. 1171–1178, 2022.

[28] R. K. Yin, "Case study research and applications." Sage Thousand Oaks, CA, 2018.

[29] J. W. Creswell and J. D. Creswell, *Research design: Qualitative, quantitative, and mixed methods approaches*. Sage publications, 2017.

[30] R. J. Shiller, "Speculative asset prices," *American Economic Review*, vol. 104, no. 6, pp. 1486–1517, 2014.

[31] D. 2017 C. F. 4th edition G. edition 02. Berk, *Corporate finance (Global Edition)*. 2017.

[32] S. Penman and F. Reggiani, "Returns to buying earnings and book value: Accounting for growth and risk," *Review of Accounting Studies*, vol. 18, pp. 1021–1049, 2013.

[33] E. F. FAMA and K. R. FRENCH, "The Cross-Section of Expected Stock Returns," *J Finance*, vol. 47, no. 2, pp. 427–465, Jun. 1992, doi: https://doi.org/10.1111/j.1540-6261.1992.tb04398.x.

[34] S. H. Penman, "The quality of financial statements: Perspectives from the recent stock market bubble," *Accounting Horizons*, vol. 17, no. SUPPL., pp. 77–96, 2003, doi: 10.2308/acch.2003.17.s-1.77.

[35] R. Novy-Marx, "The other side of value: The gross profitability premium," *J financ econ*, vol. 108, no. 1, pp. 1–28, 2013.

[36] S. Penman, *Accounting for Value*. in Columbia Business School Publishing. Columbia University Press, 2010. [Online]. Available: https://books.google.co.id/books?id=5A8fY-RKZLIC

[37] J. Hagel, J. S. Brown, and L. Davison, "The best way to measure company performance," *Harv Bus Rev*, vol. 4, no. 6, pp. 56–60, 2010.

[38] P. I. M, *Financial Management, 11th Edition*. Vikas Publishing House Pvt Limited, 2015. [Online]. Available: https://books.google.co.id/books?id=vahDDAAAQBAJ

[39] S. A. Finkler, *Financial Management for Public, Health, and Not-for-profit Organizations*. Pearson/Prentice Hall, 2005. [Online]. Available: https://books.google.co.id/books?id=GQoaHAAACAAJ

[40] I. Chen, Y. Lee, and Y. Liu, "Bank liquidity, macroeconomic risk, and bank risk: Evidence from the Financial Services Modernization Act," *European Financial Management*, vol. 26, no. 1, pp. 143–175, 2020.

[41] Y.-K. Chen, C.-H. Shen, L. Kao, and C.-Y. Yeh, "Bank liquidity risk and performance," *Review of pacific basin financial markets and policies*, vol. 21, no. 01, p. 1850007, 2018.

[42] Y.-B. Chiu and C.-C. Lee, "Financial development, income inequality, and country risk," *J Int Money Finance*, vol. 93, pp. 1–18, 2019.

[43] A. Suryahadi, D. Suryadarma, and S. Sumarto, "The effects of location and sectoral components of economic growth on poverty: Evidence from Indonesia," *J Dev Econ*, vol. 89, no. 1, pp. 109–117, 2009.

[44] H. Hill and M. S. Gochoco-Bautista, *Asia rising: growth and resilience in an uncertain global economy*. Edward Elgar Publishing, 2013.

[45] I. W. Kusuma, "The Dynamics of Indonesian Inflation: What can We Learn from Inflation Disaggregation?," *Buletin Ekonomi Moneter dan Perbankan*, vol. 16, no. 1, pp. 39–72, 2014, doi: 10.21098/bemp.v16i1.437.

[46] D. Hermawan and A. Munro, "Monetary-fiscal interaction in Indonesia," *Asian Office Research Paper, Bank for International Settlement*, 2008.

[47] B. Eichengreen, *Globalizing capital: a history of the international monetary system*. Princeton University Press, 2019.

[48] A. R. Ghosh, A.-M. Gulde, and H. C. Wolf, *Exchange rate regimes: choices and consequences*, vol. 1. MIT press, 2002.

[49] H. Bessembinder, "Do stocks outperform treasury bills?," *J financ econ*, vol. 129, no. 3, pp. 440–457, 2018.

[50] W. H. Greene, *Econometric Analysis*. in Pearson International Edition. Pearson Education, Limited, 2012. [Online]. Available: https://books.google.co.id/books?id=-WFPYgEACAAJ

[51] A. Coën, P. Lecomte, and D. Abdelmoula, "The financial performance of green REITs revisited," *Journal of Real Estate Portfolio Management*, vol. 24, no. 1, pp. 95–105, 2018.

[52] T. Loughran and B. McDonald, "Textual analysis in accounting and finance: A survey," *Journal of Accounting Research*, vol. 54, no. 4, pp. 1187–1230, 2016.

[53] B. Al-Najjar and Y. Belghitar, "Corporate cash holdings and dividend payments: Evidence from simultaneous analysis," *Managerial and decision Economics*, vol. 32, no. 4, pp. 231–241, 2011.

[54] E. Harinurdin, "The Influence of Financial Ratio and Company Reputation on Company Stock Prices Financial Sector," p. 47, 2023, doi: 10.3390/proceedings2022083047.

[55] G. D. Sharma and M. Mahendru, "Impact of macro-economic variables on stock prices in India," *Global Journal of Management and Business Research*, vol. 10, no. 7, 2010.

[56] G. Bekaert and E. Engstrom, "Inflation and the stock market: Understanding the 'Fed Model,'" *J Monet Econ*, vol. 57, no. 3, pp. 278–294, 2010.

[57] D. H. B. Phan, S. S. Sharma, and P. K. Narayan, "Stock return forecasting: Some new evidence," *International Review of Financial Analysis*, vol. 40, pp. 38–51, 2015.

[58] D. Prastyawan, G. Wiyono, and P. P. Sari, "Analisis Pengaruh Earning. per. Share (EPS), Price to. Book Value (PBV), Return on Asset (ROA), Current. Ratio (CR), dan Debt to Equity Ratio (DER) Terhadap Return Saham Pada Perusahan Manufaktur Subsektor Food and Beverage yang Terdaftar di Bursa Efek In," *Jurnal Ilmiah Universitas Batanghari Jambi*, vol. 22, no. 2, pp. 849–852, 2022.

[59] M. F. Ferniawan, A. Kusumawati, and A. Madein, "The Influence of Earnings Per Share (EPS), Price Earnings Ratio (PER), Price to Book Value (PBV), And Debt Equity Ratio (DER) On The Stock Return," *Akrual: Jurnal Bisnis dan Akuntansi Kontemporer*, pp. 114–130, 2024.

[60] R. Akbar and D. Suselo, "Faktor Internal dan Eksternal terhadap Return Saham," *Al-Kharaj: Jurnal Ekonomi, Keuangan & Bisnis Syariah*, vol. 5, no. 3, pp. 1235–1251, 2023.

[61] H. Herlina, S. Harmanto, and N. Anggrainie, "Pengaruh Rasio Keuangan Terhadap Return Saham Perusahaan Indeks IDX30 Periode 2017–2021," *Jurnal Administrasi dan Manajemen*, vol. 12, no. 4, pp. 333–342, 2022.

[62] J. S. Sitorus, E. Siburian, Y. Simbolon, and R. E. br Naibaho, "The Effect Of Operating Cash Flow, Net Profit, ROA And ROE On Stock Return Of IDX," *Jurnal Akuntansi*, vol. 11, no. 2, pp. 189–196, 2021.

[63] N. K. A. Riyantini, M. D. Saputra, and I. Bagiada, "Analysis of the Effect of PER, ROA, ROE, NPM on Stock Returns on LQ45 Index Companies on the IDX in 2018-2020," *Repository Politeknik Negeri Bali*, 2022.

[64] J. Anderson, S. A. Giordani, S. Kangnata, and D. Francisca, "The Effect of Current Ratio (Cr), Debt To Equity Ratio (Der), and Net Profit Margin (Npm) on Stock Returns in Manufacturing Companies in the Trade, Services, and Investment Sector on the Indonesia Stock Exchange in the 2017-2020 Period," *Enrichment: Journal of Management*, vol. 12, no. 1, pp. 697–704, 2021.

[65] V. A. Sulaiman, "FAKTOR–FAKTOR YANG MEMPENGARUHI STOCK RETURN PERUSAHAAN YANG TERDAFTAR DI BEI," *E-Jurnal Akuntansi TSM*, vol. 2, no. 1, pp. 269–282, 2022.

[66] R. Nurhapsari, "Analisis Determinan Return Saham pada Perusahaan Manufaktur," *Jurnal Ilmiah Aset*, vol. 25, no. 1, pp. 81–91, 2023.

[67] R. Rosdiyana and N. D. Setyaningsih, "Pengaruh Kurs, Suku Bunga, Inflasi dan Harga Emas Dunia Terhadap Return Saham," *Jurnal EMA*, vol. 7, no. 2, pp. 85–94, 2022.

[68] M. Dianita, N. Hadian, M. Ali, and M. L. Aryanti, "The Effect of GDP Growth and Inflation on Changes in Stock Company Prices Listing on the IDX 2016-2018," *International Journal of Psychosocial Rehabilitation*, vol. 24, no. 02, pp. 3468–3473, 2020, doi: 10.37200/ijpr/v24i2/pr200666.

[69] A. G. Giovanni and H. M. R. Sembel, "The Effect Of Macroeconomy On Stock Performance Of LQ45 Companies At IDX," *International Journal of Business, Economics and Law*, vol. 19, no. 1, p. 1, 2019.

Corresponding Author: Afdhal Rivadil Sidiq
School of Business Management, Institut Teknologi Bandung, Indonesia