Analysis the Influence of ROE, DER, Inflation and Exchange Rate on LQ45 Company Price 2013-2017 Period

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Abstract

This study aims to test, analyze, and conclude the influence of Return on Equity (ROE), Debt to Equity Ratio (DER), Inflation, and Exchange Rates on the Company's Stock Prices which included in the LQ-45 index. This research was conducted during 2013-2017. The type data in this study is secondary data which is a collection of data obtained on Indonesia Stock Exchange and Bank Indonesia website. The selection of data samples using purposive sampling method and the result shows sample of 19 company stock which included in the LQ-45 index for 5 consecutive years (2013-2017). The analysis technique used in this study is panel data modeling (multiple linear regression analysis) with EViews analysis tool version 9. The results show that the ROE variable has a significant positive effect, the DER variable has a negative and significant influence, and the exchange rate has a positive and significant effect on the LQ-45 Share Price during 2013 - 2017.

Keywords: Return to Equity, Debt to Equity Ratio, Exchange Rate, Stock Price

Abstrak

Penelitian ini bertujuan untuk menguji, menganalisis, dan menyimpulkan pengaruh Return on Equity (ROE), Debt to Equity Ratio (DER), Inflasi, dan Nilai Tukar terhadap Harga Saham Perusahaan yang termasuk dalam indeks LQ-45. Penelitian ini dilakukan selama 2013-2017. Jenis data dalam penelitian ini adalah data sekunder yang merupakan kumpulan data yang diperoleh di Bursa Efek Indonesia dan situs web Bank Indonesia. Pemilihan sampel data menggunakan metode purposive sampling dan hasilnya menunjukkan sampel 19 saham perusahaan yang termasuk dalam indeks LQ-45 selama 5 tahun berturut-turut (2013-2017). Teknik analisis yang digunakan dalam penelitian ini adalah pemodelan data panel (analisis regresi linier berganda) dengan alat analisis EViews versi 9. Hasil penelitian menunjukkan bahwa variabel ROE memiliki pengaruh positif signifikan, variabel DER memiliki pengaruh negatif dan signifikan, dan pertukaran rate memiliki efek positif dan signifikan terhadap Harga Saham LQ-45 selama 2013 - 2017.

Kata Kunci:* Return to Equity, Debt to Equity Ratio, *Nilai Tukar, Harga Saham

1. Introduction

Stock trading transactions on the Indonesia Stock Exchange are still relatively small when compared to stock transactions on exchanges of other countries. If stock transactions are increasingly large and liquid, it is hoped that the stock will become an increasingly attractive investment alternative. At present the number of investors in the Indonesian capital market is still less than 1% compared to the total population of Indonesia or only around 500 thousand investors from around 255 million residents. The Indonesian Capital Market should have become an attractive investment place for the people of Indonesia. Indonesian people need to be accustomed to investing so that the rate of return is above the inflation rate (KPEI Newsletter, 1st edition of 2017).

The development of the capital market will also encourage a country's economic progress. One important advantage of the capital market compared to banks is that, to obtain funds, a company does not need to provide collateral as demanded by banks. Only by showing good prospects will the securities be sold in the market.

In addition, by utilizing funds from the capital market, companies do not need to prepare funds every month or every year to pay interest. Instead, the company must pay dividends to investors. It's just, unlike bank interest that must be provided periodically and regularly, both companies in a state of loss or profit. Dividends do not have to be paid, if indeed the company is suffering losses. This is the advantage enjoyed by the issuer.

For investors, investing their funds in the capital market benefits that banks cannot provide, in the form of dividend payments that can exceed the

amount of interest paid by banks for the same investment value. Although, this advantage is also accompanied by risks that are not small. In a state of loss, for example, investors often do not get dividend rights (Widoatmodjo, 2012: 15-17).

Formally the capital market is defined as a market for a variety of long-term financial instruments that can be traded, both in the form of debt or equity, whether issued by the government, public authorities, or private companies.

Before making an investment, investors need to know and choose which stocks can provide the most optimal benefits for the funds invested. If a person or entity wants to invest in shares they need to pay attention to a number of information relating to the dynamics of stock prices, because it can be used as a consideration for making decisions about company shares that are eligible to be chosen (Indrawati, Cipta, and Yulianthini,2014).

The value of the company will be reflected in the market value of its shares. The higher the share price the higher the value of the company for companies that have gone public because the value of the company can show the value of assets owned by the company such as securities. Stock is one of the securities issued by the company. High and low stock prices are much influenced by the condition of the issuer(Husaini,2012).

The development of stock prices is an important indicator to study investor behavior. Investors will base their investment decisions on various information they have, including accounting information. The income statement which is one of the company's financial statements will usually be used as a basis for investors to invest their capital in the company. Investors can get returns in the form of dividends and capital gains, because the income statement is a measure of the success rate of a company's performance in utilizing the resources it has over a period (Sulia and Rice, 2013).

Financial statements are useful for investors to determine the best and profitable investment decisions. Based on an analysis of financial statement information, investors can find out the comparison between the intrinsic value of a company's stock versus the market price of the company's stock, and on the basis of that comparison investors can make a decision whether to buy or sell the relevant stock (Tandelilin, 2016: 365).

ROA and ROE are financial ratios that are used to measure company performance, especially regarding the profitability of the company. ROE measures the ability of return on own capital (Darmadji and Fakhruddin, 2011: 158).

Previous studies examining the effect of ROE on stock prices showed inconsistent results including research conducted by Indrawati, Cipta, and Yulianthini (2014) showing that ROE had a positive effect, the results of the study were not in line with Ponggohong, Murni, and Mangantar. (2016) which

shows that ROE has a negative effect. Different results were found by Wilianto (2012) who stated that ROE had no effect on stock prices.

Debt to equity ratio (DER) is a solvency ratio that measures the ability of the company's own capital to be used as collateral for all company debt. A high DER shows that debt is greater than its equity, so the interest expense and the dependence of the company's capital on outsiders is also greater (Dewi and Wahyudi, 2012).

The results of previous research on DER on stock prices there are various differences including the results of tests conducted by Wilianto (2012) showing that DER has a negative influence. The same thing was not found by Julia and Diyani (2015) who found that DER had a positive influence. Different results are displayed by Ramdhani (2013) which shows that DER has no influence on stock prices.

Investors have considerations in deciding stock investment in the capital market. Erratic fluctuations in share prices that carry risks cause investor uncertainty in determining investment decisions. Other factors that also influence stock prices are a country's macroeconomic factors such as economic growth, inflation, political stability and security factors. A country that cannot guarantee the security of investors to invest their capital in a country can reduce the level of investor confidence in investing, which can affect the performance of the capital market, especially as it will affect stock prices (Priatinah and Kusuma, 2012).

The exchange rate or exchange rate is the value of one currency against another (Lukisto and Anastasia, 2014). Information on the exchange rate of the rupiah against the US Dollar is generally highly considered by companies in Indonesia, because the US Dollar tends to be used by companies in general to make payments for production materials and other business transactions. The exchange rate of the rupiah against other currencies affects the profits of a company, because companies that use production materials from abroad will experience an increase in the value of debt if the value of the rupiah against foreign currencies decreases or depreciates, the exchange rate is also very influential for companies that want to invest, because if the foreign exchange market (foreign exchange) is more attractive than the capital market, investors will generally switch investments to the foreign exchange market, therefore changes in exchange rates will affect stock prices in the capital market (Manurung, 2016).

Previous research on the effect of the Rupiah / US Dollar Exchange Rate on stock prices has also been done before. Munib (2016), exchange rate results have a positive effect on stock prices. This was not found in research conducted by Rohmanda, Suhadak, and Topowijono (2014) found that the exchange rate had a negative influence. Julia and

Diyani (2015) show that the exchange rate has no influence on stock prices.

This research is a replication of a study conducted by Jauhari (2014) entitled "The Effect of Fundamental and Macroeconomic Factors on Stock Prices in Property Industry Companies in the Indonesia Stock Exchange" and Julia and Diyani (2015) titled "The Effects of Financial and Macroeconomic Fundamental Factors on Prices Stock". In this study, researchers took four independent variables, namely ROE, DER, inflation and exchange rates. The dependent variable in a previous study conducted by Jauhari (2014) was the stock price of the property industry with an observation period in 2009-2012, Julia and Diyani (2015) examined the stock prices of 13 financial institutions in 2009-2012. The research conducted was on the company's stock price of LQ45 during 2013 to 2017 (2013-2017).

2. Theoretical Review and Hypothesis Development

Investment Theory

Investment is a commitment to a number of funds or other resources made at this time, with the aim of obtaining a number of benefits in the future. The parties who carry out investment activities are called investors. Investors are generally classified into two, namely individual investors) and institutional investors. Individual investors consist of individuals who carry out investment activities. Institutional investors consist of insurance companies, deposit funds (banks and savings and loan institutions), pension fund institutions, and investment companies (Tandelilin,2016:2-3).

Definition and Capital Market Instruments

The capital market is a meeting between parties who have excess funds with those who need funds by trading securities. The place where securities are bought and called is the stock exchange. Stock exchange is the meaning of the physical capital market. In Indonesia there is one stock exchange, the Indonesia Stock Exchange (IDX). Since 2007, the Jakarta Stock Exchange (JSX) and Surabaya Stock Exchange (BES) have merged and changed their name to the Indonesia Stock Exchange (IDX).

Various long-term securities traded on the Indonesian capital market include ordinary and preferred shares, corporate and convertible bonds, state bonds, proof of rights, warrants, option contracts, futures contracts, and mutual funds. Securities in the capital market have characteristics maturing more than one year to be easily distinguished from securities on the money market that are less than one year (Tandelilin, 2016: 26-29).

Signaling Theory

In the capital market study, managers are as-sumed to provide information as a basis for investor decision making. Every change in the accounting method should change accounting information so that investment decisions should change. Changes to investment decisions should be reflected in stock prices or in trading volume and volatility (Godfrey, Hodgson, Tarca, Hamilton, and Holmes, 2010: 375-376).

Accounting profit announced via financial statements is one of the signals from the collection of information available to the capital market. The efficient market hypothesis implies that no one will get more return on their knowledge of profits. Empirical research shows that earnings (per share) announced via financial statements have an impact on stock prices. Earnings data is also needed by investors to predict future earnings and prices (Suwardjono, 2011:490).

Effect of ROE on Stock Prices

Changes in income are directly related to changes in stock prices. To assess income estimates, investors often consider the level of income growth, which is a product of ROE and the level of income retention (Jones, Utama, Frensidy, Ekaputra, and Budiman, 2009: 438).

This explanation is reinforced by the results of research from Indrawati, Cipta, and Yulianthini (2014) which shows that ROE has a positive influence. Based on this explanation, the hypothesis used to see the relationship between ROE and Share Prices is as follows:
H1: ROE has a positive effect on stock prices.

Effect of DER on Stock Prices

One aspect assessed in measuring company performance is the aspect of corporate leverage or debt. Debt is an important component of the company, especially as a means of funding. A decline in company performance often occurs due to the amount of debt that the company has so that it is difficult to meet these obligations (Darmadji and Fakhruddin, 2011: 158).

High leverage and misalignment between liquidity of assets and liabilities make financial institutions especially vulnerable to a crisis of confidence. If the valuation of their portfolio goes down, there will be a 'massive withdrawal' of assets, because every investor tries to be the first to withdraw funds (Bodie, Kane, and Marcus, 2014:21).

Sharpe, Alexander, and Bailey (2006: 283) say that the leverage ratio shows the extent to which a company's capital is financed with debt compared to equity. A higher ratio shows more financing coming from debt sources. As a result, more business risk is assumed by the creditor. The best-known leverage ratio is the ratio of total-debt-to-stakeholder equity (total debt to shareholder equity).

Sputra (2015) said that if the high DER indicates that the capital structure of the business will use more debt relative to equity. The higher DER reflects the relatively high risk of the company because the company in operation is relatively dependent on debt. The company has an obligation to pay debt interest as a result investors tend to avoid and are not interested in the company's shares that have a high DER value. Wilianto (2012) shows that DER has a negative effect on stock prices. Based on this explanation, the hypothesis used to see the relationship between DER and Share Price is as follows:

H2: DER has a negative effect on Stock Prices.

Effect of Exchange Rate on Stock Prices

Trade between countries can take place if it is possible to exchange one country's currency into another country's currency. Foreign exchange rates are the price or value of a country's currency expressed in the value of another country's currency (Agustina and Sumatrio, 2014).

The impact of the weakening of the exchange rate on stock prices on the capital market is indeed possible, given that most companies that go public on the Indonesia Stock Exchange have foreign debt in the form of foreign exchange. In addition, the products produced by these public companies use a lot of ingredients that have a high import content (Cahya, Suwendra, and Yudiaatmaja, 2015).

In the matrix of the relationship of several economic factors to the profitability of the company (Harianto, et. Al. 1998 p. 158 in Tandelilin, 2016: 343-344) it is said that "The strengthening of the rupiah exchange rate against foreign currencies will reduce the cost of importing raw materials for pro-

duction, and will lower interest rates ". According to Delong and Onley (2006: 176) when real interest rates fall, businesses find cheaper investment and also invest more. The same thing that determines the value of investment moves together.

A stronger rupiah exchange rate against the USD (nominal exchange rate decreases) can affect the increase in stock prices on the trading floor. Based on this explanation, the hypothesis used to see the relationship between the Exchange Rate and Stock Prices is as follows:

H3: Exchange rate has a positive effect on Stock Prices.

3. Research Methodology

The object of this research is the price of shares of companies that have been listed on the floor of the Indonesia Stock Exchange, LQ45 index for the period 2013-2017.

This research is a type of causal hypothesis testing research on stock prices and the factors that influence it from the fundamental side (ROE and DER) as well as macroeconomic variables (Exchange Rate). All information used is a summary of the company's performance (ROE, DER, and closing price) downloaded directly from the Indonesia Stock Exchange website (www.idx.co.id), information on the Rupiah exchange rate against the USD is obtained from the Bank Indonesia website (www.bi. go.id).

The sample selection technique used is purposive sampling. The sample in this study is the company's stock price included in the LQ45 index with the following criteria:

1. Provide complete company financial information such as financial statements with fi-

Table 1. Operational Variabel

No.	Variable	Definition	Formulation	*Scale*
1.	Stock Price (HS)	The company's stock price is the average closing price (CP) for 12 months in each year examined by the author, namely in 2013 to 2017	$HS = \dfrac{\sum Closing\ Price_{Jan-Des\ tahun\ t}}{12}$	Nominal
2.	ROE	Return on Equity (ROE) is the level of accounting returns that shareholders get on their share of the total capital used to finance the company (Jones, Utama, Frensidy, Ekaputra, and Budiman, 2009: 422).	$ROE =$ "net profit after interest and taxes" / "amount of own capital" x 100%	Rasio
3.	DER	The debt to equity ratio (DER) is a ratio that measures the extent to which the amount of debt can be covered by its own capital. This ratio can be calculated as follows (Darmadji and Fakhruddin, 2011: 158)	$DER =$ Total Debt / Equity	Rasio
4.	Exchange Rates	Simorangkir and Suseno (2004: 4) say that the exchange rate of a currency or what is often referred to as an exchange rate is the price of one unit of foreign currency in the domestic currency or it can also be said of the price of the domestic currency against foreign currencies.	Middle Rate = (Sell rate + Buy Rate) / 2	Rasio

Table 2. Sample Determination

Sample Criteria	Amount
Provide complete company financial information such as financial statements with financial ratios listed on the Indonesia Stock Exchange in the period 2013-2017	45
Listed in the LQ45 index continuously for the period 2013-2017	24
Number of final samples	19
Observation Period 2013-2017 (annual)	5
Number of Observations	95

nancial ratios.
2. Listed in the LQ45 index continuously for the period 2013-2017
3. Did not carry out a stock split during the period 2013-2017.

Based on the criteria above, 20 samples of company shares were selected that fit the criteria in this study.

The form of the research model used is as follows:

$$HS_{it} = x_0 + x_1ROE_{it} + x_2DER_{it} + x_3Kurs_{it} + \varepsilon_{it}$$

Information:
HS = Share Price
x0 = constant
x1-x3 = coefficient of the independent variable
ROE = Return on Equity
DER = Debt to equity ratio
Ɛ = error estimate
i = cross section indentifiers
t = time series identifiers

This study uses panel data analysis method as a tool to test the effect of ROE, DER, and Exchange Rate on Stock Prices. Some of the benefits obtained by using panel data. First, the panel data which is a combination of two time series data and a cross section is able to provide more data so that it will produce more degrees of freedom. Second, combining time series data and cross section information can overcome the problems that arise when the variable disappearance problem (Widarjono, 2016: 353).

4. Analysis dan Discussion

The series of discussions are as follows: descriptive statistical analysis, determination of panel data regression models (Chow Test and Hausman Test), classic assumption tests (Normality Test, Multicollinearity Test, Heteroscedasticity Test, and Autocorrelation Test), multiple linear regression analysis and managerial analysis and implications.

Based on the test results table, the maximum value of the share price is 11.17184 or Rp 71,100 which is Gudang Garam company shares in 2017, while the minimum value is 6.539466 or Rp 692, - owned by Lippo Karawaci's company shares.

The maximum value of ROE is 1.358500 or 135.85% owned by Unilever company in 2016, while the minimum value of 0.028700 or 2.87% owned by Lippo Karawaci company in 2016. The maximum DER value of 7.110000 was owned by PT Bank BNI in 2013, while the minimum value of 0.150000 was found in the Indocement Tunggal Prakasa company in 2016.

The maximum value of the exchange rate is 9.502220 or Rp 13,389 occurred in 2015, while the minimum value of 9,255227 or Rp 10,459 occurred in 2013.

Determination of Panel Data Regression Model

Based on the Chow Test table by comparing the probability of Cross Section Chi-Square with a significance level of 0.05 (5%), shows the value of Cross Section Chi-Square is less than the level of significance (0.0000 <0.05). It can be concluded that Ho (using the common effect) is rejected.

The Hausman Test Table shows a random Cross-section probability value of 1,0000. The probability value is above the criteria for the Cross-Section Random boundary in this study which is 0.05. The conclusion that Ho (using the Random Effect model) is accepted and Ha (using the Fixed Effect model) is rejected or in other words the regression model used in this study is using the Random Effect.

The data of this study were normally distributed with 95 observations. This is indicated by the probability value of 0.1844521. One way to infer a data is said to have normal distribution or not is to look at the probability value. If the probability value is greater than 0.05 or 5%, then the data is

Table 3. Results of Descriptive Statistics Analysis

	Stock Price	ROE	DER	Exchange Rate
Mean	8.719824	0.204386	1.36851	9.427366
Median	8.746981	0.144500	0.780000	9.496145
Maximum	11.17184	1.358500	7.110000	9.502220
Minimum	6.539466	0.028700	0.150000	9.255227
Standard Deviation	1.19302568	0.262438	1.637423	0.098049

normally distributed.

There is no correlation coefficient on each independent variable that has an absolute value above 0.80 or in other words there is no multicollinearity in this study.

The data of this study do not have heteroscedasticity problems because all probability values on the independent variables have values above 0.05 (5%) or are insignificant.

The number of samples was 95 (n = 95) and the independent variables were three variables (k = 3) and the significance level used was 5% then based on the Durbin Watson table the values of dL = 1.6015 and dU = 1.7316.

Based on the results of the Autocorrelation Test in the picture above, it shows that the Durbin-Watson value is 1.552801. The conclusion that the data in this study contained positive autocorrelation. There are efforts that can be made on research data that contain autocorrelation problems by following the first-level AR autoregressive pattern (1). However, because the regression model used in this study is Random Effect, healing using AR (1) cannot be done. The consequence of the autocorrelation problem is that the estimator of the OLS method is still linear, not biased but has no minimum variance (Widarjono, 2016: 146).

Based on the Random Regression Multiple Results Test Model, the following equation is obtained:

$$lnSP = 3.7151 + 2.667848 \, ROE - 0.126246 \, DER + 0.49136 \, lnER$$

Information :

SP = Stock Price ; ROE = Return on Equipment, DER = Debt to Equity Ratio, ER = Exchange Rate.

The probability value of the variable ROE is $0.0000 \leq 0.05$ indicating that ROE has a significant positive effect, with a coefficient value of +2.667848. The higher the ROE the higher the share price formed on the trading floor. This is consistent with the exposure to the direction of influence that has been prepared by the author. The results of this study strengthen the previous researchers namely Rakasetya, Darminto, and Dzulkirom (2013) and Julia and Diyani (2015).

The probability value of the DER variable is $0.0207 \leq 0.05$ indicating that the DER has a significant negative effect, with a coefficient value of -0.126246. The higher the DER, the lower the price of shares formed on the trading floor. This is consistent with the presentation of the direction of influence that has been prepared by the author. The results of this study strengthen the previous researchers namely Wilianto (2012), Dewi and Wahyudi (2012), and Rakasetya, Darminto, and Dzulkirom (2013).

Based on the results of the study, the probability value of the exchange rate variable is $0.0121 \leq 0.05$ indicating that the exchange rate has a significant positive effect, with a coefficient value of +0.49136. This is consistent with the exposure to the direction of influence that has been compiled by the author in which the results of the research on the stock price have a significant and positive effect, as in the study of Munib (2016) also gets the same results.

Managerial Implications

Based on the results of the study, ROE has a positive influence on stock prices, this is clearly an indicator that needs to be maintained consistently With a high ROE value indirectly displays a company profile that is performing well. One time when a company needs funds by way of an IPO, if the company's ROE value is maintained at a high value, getting large funds from investors is not difficult or does not even cover the possibility of earning profits in the form of agio shares.

Maintaining the value of the company's ROE is not easy because the company continues to be required to adjust to changes in the evolving industry climate or adjust to the needs of consumer behavior. Based on the data examined, the average ROE is 0.204386 or 20.4386% . This shows a high value, because in every rupiah invested capital contains 0.204386 profit.

A high DER value is considered less attractive because it has a greater risk. But that does not mean having a large debt is a bad thing. Based on the company side, looking for funding in the form of good debt from banks or issuing bonds is a natural thing when potential profits arise but the resources owned are limited. The amount of funding in the form of debt obtained is more certain than issuing new shares.

The company's performance needs to be considered when deciding to owe because it is related to the company's ability to repay debt installments (if borrowing from a bank) or promised interest payments (when issuing bonds). The average DER in the sample companies in this study is 1.368581, the figure is not too high but needs to be watched out because all of the debt cannot be covered by their own capital.

Exchange rate is one of the macroeconomic variables. Based on the results of the study, the exchange rate has a positive effect on stock prices or in other words when the USD exchange rate strengthens against the rupiah (depreciation) the stock price rises. This is due to the fact that most investors in Indonesia are foreign investors. Based on KSEI press releases on August 11, 2017, as of July 29, 2016 the composition of foreign investor shareholdings was 64% and as of July 31, 2017 53% of stock investors were foreign investors. The increase in the USD exchange rate was used by

Table 2. Respondents' Characteristic

Characteristic	Item	Persentage
Sex	Male	87%
	Female	13%
Education	Senior high school	85%
	Bachelor Degree	15%
Job Type	Employee	23%
	Students	77%
Age	< 18 years	12%
	18 -20 years	9%
	21-25 years	72%
	>25 years	7%
Spending per month	< Rp. 1 million	10%
	Rp. 1 million – Rp. 3 million	82%
	>3 million	8%

foreign investors to place their funds in the form of shares because they were considered to be more profitable. However, it does not rule out the possibility that domestic investors who invest in the USD will convert their investment into shares. Central bank policy in some developed countries will tighten monetary policy and the decline in the balance sheet of the US central bank's Federal Reserve is expected to affect the flow of foreign capital in developing countries. Finally, the US dollar strengthened (Josua Pardede by Setiawan, 2017).

5. Conclusions, suggestions, and limitations

Based on the results of tests that have been carried out, the conclusions of this study are:

1. The ROE variable has a positive influence on the Share Price of +14.40892779 (antilog +2,667848). The regression coefficient produced by ROE shows that each increase in ROE by 1 unit assuming the other independent variables are fixed then the average Share Price will increase by 14.40892779 rupiah and vice versa. The higher ROE is a reflection of the high profit generated by a company or in other words the company has a good performance to generate

profits. This is something that is liked by investors.

2. The DER variable has a negative influence on the Share Price of -1.134561236 (antilog -0.126246). The regression coefficient produced by DER shows that every DER increase of 1 unit with the assumption that other independent variables are fixed, the average share price will decrease by 1.134561236 rupiah and vice versa. The higher the DER automatically, the company's debt is quite large, thus in the long run it requires a considerable amount of cash flow for the purposes of interest costs and principal debt that must be paid to creditors which is something that investors dislike.

3. Exchange Rate variables have a positive influence on the Share Price of +0.49136. The regression coefficient produced by the exchange rate shows that for every 1% increase in the exchange rate assuming the other independent variables are fixed, the average share price will increase by 1.634573768% and vice versa. This is because most stock investors in Indonesia are foreign investors so that the high value of the USD is used as the right momentum to invest

Table 3. Output Regression

No.	Hypothesis	Estimation	P	Conclusion
1	BL ← AL	0.78	***	H1 supported by data
2	SA ← AL	-0.34	0.875	H2 not supported by data
3	SA ← BL	0,606	0,023	H3 supported by data
4	ATS ← AL	-0,993	0,172	H4 not supported by data
5	ATS ← BL	0,884	0,003	H5 supported by data
6	ATS ← SA	0,527	***	H6 supported by data
7	PI ← AL	0,884	0,003	H7 supported by data
8	PI ← BL	2,367	0,039	H8 supported by data
9	PI← SA	-0,13	0.968	H9 not supported by data
10	PI ← ATS	0,113	0.015	H10 supported by data

Source: Processed by Amos 21

funds into shares. Another possibility is for local investors to convert their USD reserves into shares so that the share price rises.

Suggestions

Based on the results of the study, suggestions that can be given are:

1. For Investors

Based on the results of the study, ROE, DER, and Exchange rates have a significant influence on Stock Prices. Investors before deciding to buy shares of a company, consider the fundamental aspects of the company (ROE and DER) as well as the macroeconomic aspects (Exchange Rate) that are happening in the year of purchase. But there are still 65.8151% other factors that need to be considered for buying a stock.

2. Banking Regulator

For companies going public, it should always maintain the fundamental aspects reflected in the company's financial ratios. In this digital era, investors will easily access company information whether it is financial statements or other matters deemed necessary. Consistency on the achievements achieved by a company makes the image formed in the minds of investors will be better, making it easier for funding that will be needed someday.

3. For further researchers

For researchers who are interested in researching Stock Prices, it is recommended to add variations in the research variables both the fundamental aspects of the company (in addition to ROE and DER) as well as the macroeconomic aspects (besides the exchange rate). Increasing the number of observation periods is also recommended so that research results are more consistent.

Limitations

In the research conducted by the author, there are several limitations including:

1. The data used are not yet free from the classic assumption problem, namely the data have autocorrelation problems.
2. Samples of companies that do not cover all types of industries in Indonesia.
3. Research variables are still limited to ROE, DER, and EXCHANGE.

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