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SIGNAL REACTION OF MICRO AND MACRO VARIABLE TO COMPANY STOCK RETURN

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Abstract

This study aims to find out the effect of variable micro and macro variables of companies with linkages signaling theory on stock returns. This study uses panel data models. This study focused company Basic and Chemical Industry sector listed in Indonesia Stock Exchange 2011-2017 period, in which the selection of samples in this study using purposive sampling method as many as 21 companies. The results of this study showed R2 value of 60.09%. The results of this study showed that variables Trade Volume Stocks (VPS), Volatility of Stock Price (VPS), Company Size (SF), Profitability (PROF), Solvency (SOLV), Inflation (CPI), and Exchange Rate (EXCRATE) simultaneously influence Company Stock Return. There are three variables that partial effect on stock returns is Stock Price Volatility (VPS), Profitability (PROF), and Inflation (CPI). Based on these results, the company is advised to observe micro and macro variables that have relevance to the ongoing investment in capital market activities, as it will directly impact on the interest of market participants (investors). Companies that are considered to have good performance will certainly give a good signal in the capital market, so it will attract investors to carry out investment activities which will then increase stock returns.
Keywords: Stock return, Signalling Theory, Panel Data Regression

Abstrak

Penelitian ini bertujuan untuk mengetahui pengaruh variabel mikro dan variabel makro perusahaan dengan teori linkages signaling terhadap return saham. Penelitian ini menggunakan model data panel. Penelitian ini difokuskan pada perusahaan sektor Industri Dasar dan Kimia yang terdaftar di Bursa Efek Indonesia periode 2011-2017, dimana pemilihan sampel dalam penelitian ini menggunakan metode purposive sampling sebanyak 21 perusahaan. Hasil penelitian ini menunjukkan nilai R2 sebesar 60,09%. Hasil penelitian ini menunjukkan bahwa variabel Volume Perdagangan Saham (VPS), Volatilitas Harga Saham (VPS), Ukuran Perusahaan (SF), Profitabilitas (PROF), Solvabilitas (SOLV), Inflasi (CPI), dan Nilai Tukar (EXCRATE) secara simultan mempengaruhi Return Saham Perusahaan. Terdapat tiga variabel yang berpengaruh secara parsial terhadap return saham yaitu Stock Price Volatility (VPS), Profitabilitas (PROF), dan Inflasi (CPI). Berdasarkan hasil tersebut, perusahaan disarankan untuk mengamati variabel mikro dan makro yang memiliki relevansi dengan investasi yang sedang berlangsung di kegiatan pasar modal, karena akan berdampak langsung pada minat pelaku pasar (investor). Perusahaan yang dinilai memiliki kinerja yang baik tentunya akan memberikan sinyal yang baik di pasar

modal, sehingga akan menarik investor untuk melakukan kegiatan investasi yang kemudian akan meningkatkan return saham.
Kata Kunci : return saham, teori sinyal, regresi data panel

A. INTRODUCTION

Note the Indonesia Stock Exchange (IDX), shares of chemical and basic industry sectors recorded a significant advance in the stock price index (JCI) is still negative move throughout 2018. Recorded base and chemical industry rose to 21.17% in year to date (ytd) at the close of trading last week, while JCI fell slightly. According to William Hartanto, Panin Securities analyst said sentiment this sector stocks mainly from oil prices and the weakening of the rupiah against the US dollar began to stagnate. The exchange rate has begun to stagnate in the range of Rp 14.400- Rp 14,550 per US dollar. According to William Hartanto, some basic industry stocks and chemicals will still be potentially in 2019 due to the weakening of oil prices and a stable rupiah. Kontan, Sunday (23/12/2018) https://investasi.kontan.co.id. This proves that, basic industry and chemical progressing quite well. The increasing purchasing power of the direct impact on the increase in demand for goods. With a good development trend, will certainly attract investors to invest their funds in the capital market.

An investor can embed its surplus funds on the capital markets. The main objective of an investor when to plant their money in the stock market, ie getting the return on investment (return) in the form of dividends or income from the difference between the selling price of the share purchase price of shares (capital gain). This shows that stock returns is an important indicator in an investment activity.

According Wiyani and Vitello (2010) in Nasution (2016) which states that, the volume of stock trading is important for an investor because of the volume of stock trading describes the condition of securities traded in the capital market. Rising trading volume represents the increase in trading activity by investors in the capital market, it indicates the active stocks. For investors, before making an investment or capital investment the most important thing is pay attention to the level of trading volume that are expected to get a high return.

To get a return from the difference between the selling price the stock at a purchase price of shares, an investor must pay attention to stock price volatility (ups and downs of the stock price) to determine the right strategy to invest. According Situmeang and Muharram (2015) states that,price volatility is a measure that states how much of an asset price fluctuations within a certain period. The greater the volatility of the price of an asset, the more volatile the asset price. An asset with great volatility means having the large fluctuations that often have a drastic drop or rise in prices is very significant. Investors commonly refer to these assets have a high risk. Considering the volatility of stock price, investors can choose the sectors that generate returns in accordance with its risk.

The size of the company described how strong the company to compete in the capital markets. Due to the larger size, then the company will be easier to develop. With the development of the company then it shows that the company's performance is quite good, it would increase the willingness of investors to invest their funds so the impact on the increase in stock returns.

Each investment activities always pose a risk. With the risks that will arise, it will affect the stock returns to be received by investors. Thus, an investor should analyze the stock before buying it. Stock analysis can be done by looking at the profitability of the company's financial statements. Susilowati

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and Turyanto (2011) states that, Return on Assets (ROA) is a measure of how much net profit to be gained from the entire wealth (assets) owned by the company. With the increase in corporate profits, it indicates that the company is able to generate higher net income on total assets held. With the profit increase, means signifies the company's performance is getting better and as a result, the company's stock price will increase. Thus, with the increase in the stock price will increase stock returns received by investors.

According to Bambang Riyanto (2001) in Susilowati and Turyanto (2011) states that, solvency describe how much money is owned by a company financed by debt which is then compared with the total capital held by the company as a comparison. With a growing level of debt held will lead to increased Earnings Before Interest Tax (EBIT) owned so will increase the interest of investors to invest their funds so that the impact to the increase in stock returns.

Another important thing that can not be ignored is the macroeconomic conditions. In macro economy, which affects stock returns for their economic instability, inflation can happen anytime. Kuncoro (1998) in Faoriko (2014) states that inflation is the tendency of prices to rise in general and continuously. Inflation usually characterized by the declining value of money because the amount of money in circulation. This is a particular concern for investors, because of the high inflation rate would be detrimental if investors keep their funds.

The exchange rate also affects stock returns due to the direct impact of cash flows into and out of the company. The exchange rate in question is the price of the currency owned by a country rated by other countries, the price of which is related to the amount of money that must be spent and the value of the currency could remain diangka the same or become more expensive or less expensive depending on the number of requests and bidding against those currencies. With the high exchange rate will affect the size of the foreign debt which in turn affects profit companies that are considered to invest in predicting a return to be acquired. Based on the description of the background of the above problems, the authors are interested in doing research titled "Signal Reaction of Micro and Macro Variable to Company Stock Return."

Literature Review

Purwasih (2010) in Wahyuningsih et al. (2018) states that, signaling theory explains that companies have an incentive to provide information on external financial reports. The urge companies to provide information because there is asymmetry of information. Companies are more aware of conditions and prospects that will be experienced by the company than outsiders (investors). Therefore, the company felt the need to provide information to investors. The asymmetry of information can take place between the two conditions, namely the small differences that information so it does not affect the management, or a very significant difference that could affect the management and stock returns. Signaling theory stressed the importance of information released by the company to the investment decision outside the company. Information is an important element for investors and businessmen. Because the information is essentially presenting information, records or good overview of the state of the past, present, and future state for the survival of a company. Comprehensive information, relevant, accurate and timely information is required by the investors in the capital market as an analytical tool to make investment decisions.

Juniarti (2016) states that, return which increase is predicted to be able to give a signal about the short-term profit and long-term earnings and analyzes reveal that signal is used to predict the long-term earnings. Companies that have good development will provide a good signal also on the capital markets. According Sunarto (2008) in Susilowati and Turyanto (2011) states that,

motivation signaling encourage management presents earnings report can reflect the real profit. With the good signal is, of course, investors will be safer to invest their funds in the company with the hope of a good return.

Research Situmeang and Muharram (2015) with the title Analysis the influence of Price Volatility, Liquidity Shares, EPS, Firm Size and Momentum Overnight on Stock Return a sample of 105. The independent variable in this study was Price Volatility, Liquidity Shares, EPS, Firm Size and Momentum Overnight, while the dependent variable in this study is the Stock Return. This study uses panel data regression with R^2 values of 0.2676. These results indicate that the Price Volatility, Liquidity Shares, EPS, Firm Size and Momentum Overnight positive influence on Stock Return.

Research Silvana et al. (2017) with the titleInfluence Profitability, Volume Stocks Trading, Dividend Policy, and the Interest Rate SBI Toward Stock Return a sample of 135. The independent variable in this study was Profitability, Volume Stocks Trading, Dividend Policy, and the Interest Rate SBI, while the dependent variable in this study is the Stock Return. This study uses multiple linear regression with R^2 values of 0.2390. The results of this study indicate that Profitability and Dividend Policy positive influence on Stock Return, while the Share Trading Volume and Level of Interest Rates do not affect the Stock Return.

Research Nasution (2016) with the title Effect of Stock Trading Volume, Frequency Stock Trading, Stock Price Volatility and Market Capitalization of the Stock Return a sample of 36. The independent variable in this study was Trading volume, Frequency Trading, Stock Price Volatility and market capitalization, while the dependent variable in this study is the Stock Return. This study uses multiple linear regression with R^2 values of 0.6760. The results showed that the volume of trade, Frequency Trading, Stock Price Volatility and Market Capitalization positive influence on Stock Return.

Research Ernanto (2016) with the title Effect of Frequency Trading Stocks, Trading Volume and Market Capitalization of the Stock Return a sample of 42. The independent variable in this study was Frequency Trading Stocks, Trading Volume and market capitalization, while the dependent variable in this study is the Stock Return. This study uses multiple linear regression with R^2 values of 0.4780. The results showed that the frequency of Stock Trading positive effect on Stock Return and Market Capitalization negative effect on Stock Return, while the volume of trade does not affect the Stock Return.

Research Silviyani et al. (2014) with the titleEffect of Stock Trading Liquidity and Capitalization Pa xsqsar to Return Sharesa sample of 110. The independent variable in this study was Frequency Stock Trading, Stock Trading volume and market capitalization, while the dependent variable in this study is the Stock Return. This study uses multiple linear regression with R^2 values of 0.0430. These results indicate that the Volume of Stock Trading positive influence on Stock Return, while the frequency of Stock Trading and Market Capitalization has no effect on Stock Return.

Research Rejeki (2018) with the titleAnalysis of the influence of risk, profitability, and Firm Size on Stock Return a sample of 66. The independent variable in this study was DOL Business Risk, Financial Risk DER, EPS Profitability, and Firm Size, while the dependent variable in this study is the Stock Return. This study uses panel data regression with R^2 values of 0.1990. These results indicate that the DOL Business Risk, Financial Risk DER and Profitability Return EPS positive effect on stocks, while the negative effect on the Firm Size Stock Return.

Research Faoriko (2014) with the title Effect of Inflation, Interest Rate and Exchange Rate to Return Shares a sample of 420. The independent variable in this study was Inflation, Interest Rate and Exchange

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Rate, while the dependent variable in this study is the Stock Return. This study uses multiple linear regression with R^2 values of 0.1810. The results of this study indicate that inflation and interest rate negatively affect the Stock Return, while the Exchange Rate had no effect on Stock Return.

Research Nurmasari (2014) with the title Analysis of Current Ratio, Return on Equity, Debt to Equity Ratio, and income growth affects the Stock Return a sample of 45. The independent variable in this study was *Current Ratio, Return on Equity, Debt to Equity Ratio,* and revenue growth, while the dependent variable in this study is the Stock Return. This study uses panel data regression with R^2 values of 0.4540. The results of this study indicate that is *Current Ratio, Return on Equity, Debt to Equity Ratio,* and revenue growth did not affect the Stock Return.

B. RESEARCH METHOD

This research uses secondary data, because the data obtained or collected authors such as Trading Volume Shares, volatility of stock price, company size, profitability, solvency and Stock Return obtained from the data on the company Sector of Basic Industry and Chemicals listed in Indonesia Stock Exchange (BEI) in 2011-2017 accessed through www.idnfinancials. com and finance.yahoo.com. Meanwhile, the data for inflation and exchange acquired or collected author of Worldbank accessed through www.worldbank.org, The data is processed by the author using Microsoft Excel which is then followed by hypothesis testing using E-Views software.

Criteria sample used for objek in this study based on data of companies included in the Basic and Chemical Industry sector listed in Indonesia Stock Exchange (BEI) for the period 2011-2017 which issued the annual financial report is complete. Writers choose a sample based on purposive sampling method where the selection is done based on the objectives and specific consideration from the author. The processed data in this study using the 21 companies in the Industrial Sector Basic and Chemical listed on the Indonesia Stock Exchange (BEI) during the period 2011-2017. Thus, the data used from 21 companies multiplied by the seven-year period of the study resulted in a total of 147 samples.

Data analysis techniques in this study is based on the best models are selected based on several steps of testing is done. Some of the testing steps are: first, Classical Assumption Test consisting of Normality Test and Test Multicollinearity; second, Panel Data Regression Model Test conducted with Chow Test, Hausman Test, and Lagrange Multiplier Test to determine the best research model between Common Effect Model, Fixed Effect Model, and Random Effect Model; third, Significance Tests consisting of coefficient of determination (R^2), Simultaneous Test (Test F), and the Partial Test (t test).

Here is hypothesis proposed in the study are as follows:

H_1: Volume Trading Return the stock has an influence on Stock Return.
H_2: Stock Price Volatility has an influence on Stock Return.
H_3: Company size has an influence on Stock Return.
H_4: Profitability has an influence on Stock Return.
H_5: Solvency has an influence on Stock Return.
H_6: Inflation has an influence on Stock Return.
H_7: Exchange has an influence on Stock Return.
H_8: Volume Trading Stock, Volatility of stock price, Company Size, Profitability, Solvency, Inflation, and Exchange have simultaneous influence on Stock Return.

Here's a framework that describes the composition of the research:

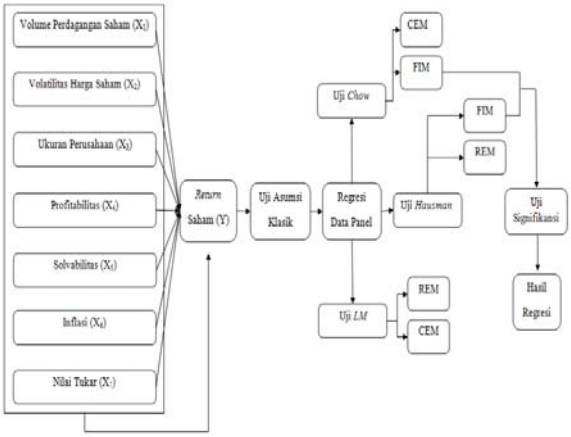

Figure 1. Research Framework

C. RESULTS AND DISCUSSION

According Ajija et al. (2011) states that, normality test is only used if the number of observations is less than 30 to determine whether the approximately normally distributed error term. If the number of observations over 30, it is not necessary to test for normality. Therefore, the sampling error term distribution was near normal. Based on this theory, the data used in this study amounted to 147. Thus, it can be assumed that the data in this study normal distribution.

Multicollinearity test aims to test whether an independent variable in the regression model panel data found to be correlated or not. Here is the result of a test multicollinearitytreated with E-Views:

Table 1. Test Results Multicollinearity

	VPS	VHS	SF	PROF	SOLV	CPI	EXCRATE
VPS	1.0000	-0.0162	0.5432	0.3948	-0.1448	-0.0203	-0.2028
VHS	-0.0162	1.0000	-0.0960	0.0364	0.0033	0.0468	0.0553
SF	0.5432	-0.0960	1.0000	0.1494	0.1072	-0.0377	0.1389
PROF	0.3948	0.0364	0.1494	1.0000	-0.3855	0.0419	-0.3573
SOLV	-0.1448	0.0033	0.1072	-0.3855	1.0000	0.0254	0.0764
CPI	-0.0203	0.0468	-0.0377	0.0419	0.0254	1.0000	-0.1806
EXCRATE	-0.2028	0.0553	0.1389	-0.3573	0.0764	-0.1806	1.0000

Based on the results of the above table that the correlation coefficient between independent variables is under 0.80, so that the data in this study do not occur multikolinearitas.

Panel Data Regression Model Tes.

1. Chow test
   Chow test done for determine more precisely the model used in this study between Common Effect Model with Fixed Effect Model. Here is a hypothesis that use of the Chow test using *E-Views:*
   H_0: *Common Effect Model.*
   H_a: Fixed Effect Model.

Table 2. Regression Test Results Chow

Effects Test	statistics	df	Prob.
Cross-section F	1.9032	(20.119)	0.0179
Cross-section Chi-square	40.7970	20	0.0040

Based on the results table above can be seen that the H_0 is rejected because the value of the probability is smaller than α (0.0040 > 0.05). So these results indicate that H_0 is rejected and H_a accepted, meaning the best regression model in Test Chow is the Fixed Effects Model.

2. Hausman test
   Hausman test performed to determine a more precise models used in this study between Fixed Effect Model or Random Effect Model. Here is a hypothesis that use of Hausman test use*E-Views:*
   H_0: *Random Effect Model.*
   H_a: Fixed Effect Model.

Table 3. Results Regression Test Hausman

Test Summary	Chi-Sq. statistics	Chi-Sq. df	Prob.
Cross-section random	23.1464	7	0.0016

Based on the results table above can be seen that the H_0 is rejected because the value of the probability is smaller than α (0.0016 > 0.05). So these results indicate that H_0 is rejected and H_a accepted, meaning the best regression model in Test Hausman is the Fixed Effects Model.

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Significance Test

1. The coefficient of determination (R^2)
   The coefficient of determination is also called the R-Squared (R^2). R^2 value is used to measure how well the regression line in accordance with the actual data (goodness of fit). Here is a table of R^2 results were processed using E-Views:

Table 4. Significance Test Results

Cross-section fixed (dummy variables)		
R-squared	0.6009Mean dependent var	0.1796
Adjusted R-squared	0.5103SD dependent var	0.7781
SE of regression	0.5445Akaike information criterion	1.7918
Sum squared resid	35.2814Schwarz criterion	2.3614
Log likelihood	-103.6939Hannan-Quinn criter.	2.0232
F-statistic	6.6352Durbin-Watson stat	2.1538
Prob (F-statistic)	0.0000	

R-squared value of the above test results showed a yield of 0.6009. These results indicate that the independent variable (VPS, VHS, SF, PROF, SOLV, CPI and EXCRATE) can explain the dependent variable (Return Equity) amounted to 60.09%, while the remaining 39.91% is explained by other variables not used in the equation. Variables that allegedly can explain the remainder of the R-squared value is the rate of SBI and Beta Shares.

2. Simultaneous Test (F Test)
   Simultaneous trials in order to test the overall estimation equation to determine whether all the independent variables affect the dependent variables simultaneously. F test is done by doing a comparison between F-count (F-statistic) with α (0.05).
   H0: $\beta_1 = 0$ (Variable VPS, VHS, SF, PROF, SOLV, CPI and simultaneously EXCRATE no effect on the dependent variable).
   ha: $\beta_1 \neq 0$ (Variable VPS, VHS, SF, PROF, SOLV, CPI and EXCRATE simultaneously affect the dependent variable).

Table 5. Significance Test Results (F Test)

Cross-section fixed (dummy variables)		
R-squared	0.6009Mean dependent var	0.1796
Adjusted R-squared	0.5103SD dependent var	0.7781
SE of regression	0.5445Akaike information criterion	1.7918
Sum squared resid	35.2814Schwarz criterion	2.3614
Log likelihood	-103.6939Hannan-Quinn criter.	2.0232
F-statistic	6.6352Durbin-Watson stat	2.1538
Prob (F-statistic)	0.0000	

Based on the results table above, shows that the probability of F-count value is greater than α (0.0000 > 0.05), It means that H_0 is rejected andHa accepted. Thus, we can conclude that the independent variable (VPS, VHS, SF, PROF, SOLV, CPI and EXCRATE) simultaneously affect the stock return over the period 2011-2017.

3. Partial test (t test)
   Partial test was conducted to test the effect of each independent variable (individually) to the dependent variable. t test is done by doing a comparison betweent-test (t-statistic) with α (0:05).
   H_0: $\beta_1 = 0$ (The independent variable has no effect on the dependent variable).
   H_a: $\beta_1 \neq 0$ (The independent variables affect the dependent variable).

Table 6. Test Results Significance (t test)

Variable	coefficient	Std. Error	t-Statistic	Prob.
C	-7.5059	8.6131	-0.8715	0.3853
VPS	0.0286	0.0286	0.9984	0.3201
VHS	4.0960	0.3576	11.4534	0.0000
SF	0.2572	0.3204	0.8026	0.4238
PROF	4.2858	1.0643	4.0267	0.0001
SOLV	0.0994	0.1044	0.9527	0.3427
CPI	-0.0895	0.0393	-2.2744	0.0247
EXCRATE	0.0000	0.0000	-0.9051	0.3673

Table 7. Interpretation of the results of regression with E-Views

variable	Coefficient	Std. Error	t-Statistic	Prob.	Conclusion
C	-7.5059	8.6131	-0.8715	0.3853	No effect

VPS	0.0286	0.0286	0.9984	0.3201	No effect
VHS	4.0960	0.3576	11.4534	0.0000	Take effect
SF	0.2572	0.3204	0.8026	0.4238	No effect
PROF	4.2858	1.0643	4.0267	0.0001	Take effect
SOLV	0.0994	0.1044	0.9527	0.3427	No effect
CPI	-0.0895	0.0393	-2.2744	0.0247	Take effect
EXC	0.0000	0.0000	-0.9051	0.3673	No effect

The regression equation of interpretation of test results over the dependent variable (Y) Return Shares are as follows:

***return* shares = -7.5059+0.0286VPS + 4.0960VHS + 0.2572SF + 4.2858PROF+ 0.0994SOLV - 0.0895CPI + 0.0000EXCRATE + e** ..... (1)

***return* Stock = 4.0960VHS + 4.2858PROF- 0.0895CPI + e** ..... (2)

Stock Price Volatility (VHS) on Stock Return

To get a return from the difference between the selling price the stock at a purchase price of shares, an investor must pay attention to volatility (ups and downs of the stock price) to determine the right strategy to invest. According Situmeang and Muharram (2015) states that,price volatility is a measure that states how much of an asset price fluctuations within a certain period. The greater the volatility of the price of an asset, the more volatile the asset price. An asset with great volatility means having the large fluctuations that often have a drastic drop or rise in prices is very significant. Investors commonly refer to these assets have a high risk.According to Firmansyah (2006) in the Study Team Volatility Indonesian Capital Market and World Economy (2011) states that, the higher the volatility, the higher the level of uncertainty of the yield (return) of the shares can be acquired. One of the ten principles of financial management states that investors will not be willing to take a higher risk unless it can obtain compensation in the form of higher returns (high risk, high return).Thus, the volatility of the stock price may be used by investors to gauge the level of risk that will be received when placing investments.

Wibowo (2004) in Situmeang and Muharram (2015) states that, if the volatility of the daily is very high then the stock price will increase and decrease high so as to provide space for a trade or transaction in order to benefit from the difference (margin) of the initial price the final price at the time of the transaction. However, its risk is also very large. The higher the volatility, the 'certainty' to get a return of a stock is getting low. The higher the volatility, the potential value of return will be higher. Low volatility shows the stability of returns, but generally return received is not too high. Thus, it can be concluded that the increase in stock price volatility will result in an increase in the stock return. Here is a hypothesis that is used to test the effect of Stock Price Volatility (VHS) to stock return in the t test, namely:

$H_0 3$: $\beta_3 = 0$ (VHS does not affect the stock retun).

$H_a 3$: $\beta_3 \neq 0$ (VHS retun affect the stock retun).

Based on t test results table above, the value of the coefficient VHS 4.0960 indicates the probability of t-count value < α (0.0000 < 0.05). Then $H_0 3$ rejected and $H_a 3$ accepted. Thus, it can be concluded that the VHS variable effect on stock returns. It shows that if the variable VHS increased by 1%, it will increase stock returns by 4.10% assuming other variables is constant or fixed. Thus, it can be interpreted that the variable VHS positive influence on Stock Return.The results are consistent with the Situmeang and Muharram (2015) and Arai (2016) which states that the volatility of stock price positive influence on Stock Return.

Profitability (PROF) on Stock Return

Horne and Wachowics (1998) in Rejeki (2018) states that, profitability ratios show the ability of a company to earn profits over a period of time and also provide an overview

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of the level of management effectiveness in carrying out its operations.

Return on Assets (ROA) is a measure of how much net profit to be gained from the entire wealth (assets) owned by the company. With increasing ROA means that the company's performance is getting better and as a result, the company's stock price has increased. With the increasing stock price, the stock returns of the company concerned has also increased. Thus, it can be concluded that the increase in profitability will lead to an increase in the stock return (Susilowati and Turyanto, 2011).

Here is a hypothesis that is used to test the effect of profitability (PROF) on stock returns in Test t as follows:

$H_0 5$: $\beta_5 = 0$ (PROF does not affect the stock return).

$H_a 5$: $\beta_5 \neq 0$ (PROF retun affect the stock return).

Based on t test results table above, the value of the coefficient PROF 4.2858 indicates the probability of t-count value < α (0.0001 < 0.05). Then $H_0 5$ rejected and $H_a 5$ accepted. Thus, it can be concluded that the PROF variable effect on stock returns.It shows that if the variable PROF increased by 1%, it will increase stock returns by 4.29% assuming other variables is constant or fixed. Thus, it can be interpreted that the variable PROF positive influence on Stock Return.The results are consistent with Silvana et al. (2017) which states that the Return On Assets positive influence on Stock Return.

Inflation (CPI) of the Stock Return

With the economic instability, inflation can happen anytime. According Kuncoro (1998) in Faoriko (2014) states that inflation is the tendency of prices to rise in general and continuously. Inflation usually characterized by the declining value of money because the amount of money in circulation. This is a particular concern for investors, because of the high inflation rate would be detrimental if investors keep their funds.

Ishomuddin (2010) in Wahyuningsih et al. (2018) stated that the increase in inflation will lower capital gains and lead to reduced profits investors. Risk faced by investors who would be greater if the stay invested in shares, resulting in the demand for stocks will go down.With falling demand, then the stock price will go down and then impact the decline Stock Return. Thus, it can be concluded that the increase in inflation could lead to a reduction of the Stock Return. Here is a hypothesis that is used to test the effect of inflation (CPI) to stock return in the t-test, namely:

$H_0 7$: $\beta_7 = 0$ (CPI does not affect the stock return).

$H_a 7$: $\beta_7 \neq 0$ (CPI affect the stock return).

Based on t test results table above, with a coefficient of CPI -0.0895 shows the t-test probability value < α (0.0247 < 0.05). Then $H_0 7$ rejected and $H_a 7$ accepted. Thus, it can be concluded that the CPI variable effect on stock returns.It shows if the variable CPI increase by 100 basis units, maka will cause a decrease in stock returns by 12.09%, assuming other variables is constant or fixed. Thus, it can be interpreted that the variable CPI negatively affect Stock Return.The results are consistent with Faoriko (2014) which states that inflation negatively affect Stock Return

D. CONSLUSION

This research uses seven independent variables include Trade Volume Stocks (VPS), volatility of stock price (VHS), Company Size (SF), profitability (ROA), Solvency (SOLV), inflation (CPI), and Exchange Rate (EXCRATE) with Stock Return dependent variable. In this study, the authors conducted a regression model selection is best for use in research.

In the partial test (t test) This study found only three of the total seven independent variables that have an impact on the

dependent variable. Here the authors describe the results of the partial test (t test): first, Trading Volume Stocks (VPS) has no influence on Stock Return; second, Stock Price Volatility (VHS) positive influence on Stock Return; Third, Company Size (SF) has no effect on Stock Return; The fourth Profitability (PROF) positive influence on Stock Return; Solvency fifth (SOLV) has no effect on Stock Return; sixth, inflation (CPI) negatively affect the Stock Return; seventh, Exchange Rate (EXCRATE) has no effect on Stock Return; eighth,Stock Trading Volume (VPS), volatility of stock price (VHS), Company Size (SF), profitability (ROA), Solvency (SOLV), inflation (CPI), and Exchange Rate (EXCRATE) simultaneously affect the Stock Return.

Based on the results of the partial test (t test) above, we can conclude that the volatility of stock price (VHS) positive influence on Stock Return, Profitability (PROF) positive influence on Stock Return and Inflation (CPI) negatively affect the Stock Return.

High stock price volatility will increase the risk of that earned by investors. Due to the principle of the Tirrenus in return, if an investor has a high risk on its investments, the investors would get a high return anyway. Thus, with the increasing volatility of the stock price will increase stock returns received by investors.

Profitability proxied by Return on Assets (ROA) is high will be increasing profit company, it indicates that the company is able to generate a net profit on its total assets. With the profit increase, means signifies the company's performance is getting better and as a result, the company's stock price will increase. Thus, with the increase in the stock price will increase stock returns received by investors.

Rising inflation will cause a decrease in the price of the outstanding shares in the capital market. This is because investors who participated decreases with an increase in inflation. With the decline in the stock price, it will affect the decrease in stock returns received by investors. Thus, with the increase in inflation will cause a decrease in stock returns received by investors.

Suggestion

Based on the results of the discussion and conclusions obtained in this study, the authors suggest that is expected to applied:

1. The author suggested for further research in order to replace the variables that have no effect on the study, adds variables expected to affect the stock returns, and added the study sample, as studies using a panel data sample the greater it will increase the level of accuracy of the research.
2. Researchers can then add the macro variable Interest Rate SBI. SBI Interest Rate Increasedwill reduce investors to invest their shares in the stock market and prefer investing in banks in the form of deposits or savings that provide a higher return, so will result in a decrease in stock prices followed by a decline in stock returns.
3. The author suggested for further research in order to add an intervening variable in Beta Shares. Since each activity will bring investment risk and return, in which the two are inseparable. Stocks Beta is a measurement of systematic risk of an investment activity. Beta shares risewill reduce investors to invest their shares on the stock market because it shows a systematic risk that would be obtained by investors will increase, so will result in a decrease in stock prices followed by a decline in stock returns.Thus, this variable is thought to mediate the effect of independent variables included in this study on stock returns.
4. The author recommends that companies pay more attention to the results of this study related to variables that affect stock returns. Where the variable data will be considered by investors who will invest their funds. Therefore, when a variable is judged to be good in the eyes of investors

it will reduce the interest of investors to buy stocks. Companies are expected to be more selective and sensitive to stock price volatility in the market, and is more focused on stocks that are active compared to other stocks less attractive to investors. The company is also expected to increase its total assets that will contribute to the company ROA. Furthermore, the company is expected to be sensitive to the rate of inflation. If inflation is being increased, should not issuing too much stock. Because worried investors are not too interested in investing, so it would be detrimental.

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