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Earnings Per Share, Return On Equity, Inflasi Dan Tingkat Suku Bunga Terhadap Harga Saham

EARNINGS PER SHARE, RETURN ON EQUITY, INFLATION, AND INTEREST RATES ON STOCK PRICE

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ABSTRAK

Penelitian ini bertujuan untuk menguji dan menganalisis pengaruh *earning per share* (EPS), *return on equity* (ROE), inflasi, dan tingkat suku bunga terhadap harga saham. Populasi penelitian terdiri dari perusahaan industri barang konsumsi yang terdaftar di Bursa Efek Indonesia (BEI) selama periode tahun 2018 hingga 2022. Penelitian ini menggunakan teknik pengambilan sampel *purposive sampling* dengan kriteria tertentu. Sampel penelitian terdiri dari 29 perusahaan dengan jumlah observasi sebanyak 126 observasi. Analisis dilakukan menggunakan pendekatan regresi linear berganda. Hasil penelitian menunjukkan bahwa *earning per share* (EPS) berpengaruh positif terhadap harga saham sementara *return on equity* (ROE) berpengaruh negatif terhadap harga saham. Disisi lain, inflasi dan tingkat suku bunga tidak berpengaruh terhadap harga saham.

Kata kunci: Earnings per Share; Return on Equity; Inflasi; Suku Bunga; Harga Saham

ABSTRACT

This study aims to test and analyze the effect of earnings per share (EPS), return on equity (ROE), inflation, and interest rates on stock prices. The research population consists of consumer goods industry companies listed on the Indonesia Stock Exchange (IDX) during the period 2018 to 2022. This study used a purposive sampling technique with specific criteria. The samples of this study consist of 29 companies with a total of 126 observations. The analysis was carried out using a multiple linear regression approach. The results showed that earnings per share (EPS) has a positive effect on stock prices meanwhile return on equity (ROE) has a negative effect on stock prices. On the other side, inflation and interest rates do not affect stock prices.

Keywords: Earnings per Share; Return on Equity; Inflation; Interest Rates; Stock Price

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INTRODUCTION

The capital market serves as a trading platform for securities, the majority of which have maturities longer than a year, between investors and companies. A nation's capital market is crucial for both its financial and economic elements (Tandelilin, 2010). Shares are proof of an investor's capital participation when a company offers them on the stock exchange (Fahmi, 2014). One way to assess if a firm is running its operations efficiently is by looking at its stock price. A high stock price indicates superior business management for the organization. On the other hand, if it decreases or declines, the company's inability to manage its operations effectively might be the cause of the stock price volatility. The amount of earnings and the level of supply and demand for a company's shares affect the price of that stock.

Signaling theory describes how information is gathered and judgments are made by those who receive it and those who base decisions on it, regardless of whether the information is interpreted as a positive or negative signal by the recipient. The judgments taken might be influenced by the information obtained (Arison, 2019). This theory is predicated on the notion that information asymmetry denies managers and shareholders equal access to corporate data. Shareholders are not aware of some information that is only known by management. As a result, financing procedures can change, providing shareholders with information that might affect the value of the firm which can be reflected in the company's stock price.

Many internal and external factors can impact changes in stock price. The performance of the firm is influenced by internal factors,

which include things like dividend policy, sales growth, capital structure, profitability, and managerial caliber (Sunariyah, 2006). The financial ratios released by the issuer show the success of the firm, whether it is doing well or not. In this study, internal variable indicators include earnings per share and return on equity.

Earnings per share (EPS) is one of the ratio studies that are seen from the viewpoint of investors or business owners since it shows how much profit the firm makes per share (Tandelilin, 2010). EPS is a company's capacity to provide investors with a measure of profitability for each share they hold. Elevations in EPS are indicative of improved financial success for the organization, which in turn affects stock prices. The stock price of a corporation will rise in direct proportion to its EPS (Ha & Hung, 2018; Fathihani, 2020; Juliani et al., 2021; Aflah et al., 2022). A company's stock price will rise if its earnings per share are strong and attract a large number of buyers. An increase in earnings per share number signifies a stronger capacity for net profit per share for the organization. On the other hand, a low EPS value will also result in a low stock price, which will lose investors' interest.

Stock supply and demand both reduce as investor interest does. It contributes to a decline in the company's stock price. Therefore, a company's stock price variations are influenced by its EPS level. Nurjanah (2021), Pangaribuan & Suryono (2019), and Juliani et al. (2021) found that EPS has a positive effect on the stock price. Meanwhile, Supriadi & Arifin (2013) suggest that EPS has little bearing on the stock price. This study expects that earnings per share has a positive effect on the stock price.

Return on equity (ROE) measures how profitable the capital that has been invested in

all of the assets. Profit may also be determined by utilizing the company's return on equity as there is a positive link between the two. A measure used to evaluate how successfully a company uses equity to produce profits is called ROE. Businesses having a high ROE are thought to perform better. Research conducted earlier by Abu-Shawer & Ajlouni (2018), Permatasari et al. (2019), Al-Qudah (2020), and Shrestha (2022) suggests that ROE influences stock price. Ratih et al. (2013), Dewi & Suwarno (2022), and Ekawati & Yuniati (2020) show that return on equity has a positive effect on the stock price. In contrast, Safitri & Sulistiyo (2021) suggest that ROE does not influence stock price.

The ROE ratio calculates the difference between a company's equity and net profit. For current and potential owners, this ratio is quite important. A high ROE indicates large dividends paid to shareholders, and a rising ROE will influence rising stock values. Therefore, this study expects that return on equity has a positive effect on the stock price.

Considering its potential to negatively affect both levels of well-being and production cost structures, inflation is the most potent and well-known macroeconomic variable among economic players, including the government. A process of widespread and persistent price increases brought on by a variety of elements in the market mechanism is known as inflation. Inflation is defined as a continual increase in prices that has a mutually reinforcing effect on one another. It is utilized as an indication of the pace of change.

A rise in the quantity of money in circulation is one of the many variables influencing the rate of inflation. The money received by issuers will rise in tandem with an increase in the public's purchasing power. The

company's earnings will climb in tandem with an increase in income, boosting the stock price. The stock price is impacted by inflation (Abdullahi, 2020; Badri, 2022; Gure & Mutswenje, 2023). Specifically, inflation has a negative effect on stock prices because inflation increases the cost of a company. If the increase in costs is higher than the company's income, the profitability of the company decreases. A decrease in profit will cause investors to be uninterested in investing in the company, this will result in a decrease in stock prices (Sebo & Nafi, 2020; Wira, 2020; Subhiantara & Yuniati, 2021). Meanwhile, Mutiarani et al. (2019) stated that stock prices are not impacted by inflation. This study expects that inflation has a negative effect on the stock price.

The interest rates are one more outside element that affects stock values. Because interest rates have an impact on the whole economy, they are an important economic factor in every given nation. The capital market is significantly impacted by interest rates. An increase in the interest rate will result in an increase in the implied interest rate on stock investments, which is a bad sign for stock values. Since investors could be less likely to commit funds to stocks in the capital market when interest rates are high, this might lead to a drop in stock values. In reaction to rising interest rates, investors may also choose to move their equity holdings to other forms of investment such as savings accounts or deposits. As a result, there is less of a market for equities, which lowers investor returns on equity. Conversely, when a large number of investors sell their stocks but the demand for them stays the same, the supply of stocks will rise, which will have a negative effect on stock prices or a drop in their value. Astuti & Ardila

(2019) stated that interest rates are unrelated to stock price, however studies by Khan & Khan (2018), Sebo & Nafi (2020), Ya'acob et al. (2021), and Sajor et al. (2023) present evidence to the contrary. This study expects the interest rates to have a negative effect on stock prices.

This study aims to examine the effect of earnings per share, return on equity, inflation, and interest rates on the company's stock price. The re-examination of earnings per share, return on equity, inflation, and interest rates on stock price is conducted to gain a deeper understanding of the factors that affect the market value of a company. Earnings per share and return on equity provide an overview of a company's financial performance, and testing the relationship between these two variables and stock price can provide insight into whether strong financial performance is reflected in increased market value. Meanwhile, inflation and interest rates play an important role in macroeconomic conditions. Re-examining the relationship between inflation, interest rates, and stock prices helps investors understand the impact of economic changes on stock values. This not only helps in forecasting changes in market trends but also in risk management, as economic fluctuations can affect the time value of money and investors' preferences for financial instruments.

This study was conducted on consumer goods industry companies to uncover the link between financial performance and market value in this sector. Consumer goods companies, which focus on the daily needs and habits of consumers, require a deep understanding of how earnings per share and return on equity reflect operational efficiency and investment attractiveness. The cyclical nature and responsiveness to changes in

economic conditions make inflation and interest rate variables particularly relevant, given that changes in these factors can have a significant effect on consumer decisions and companies' cost of capital.

RESEARCH METHODS

This study aims to examine the effect of earnings per share, return on equity, inflation, and interest rates on the company's stock price. In this study, quantitative research methodology was employed. Sugiyono (2016) defines quantitative research as an approach to study that is grounded in the positivist ideology and utilized to investigate a certain demographic or sample. To evaluate preconceived notions entails gathering data using research equipment and analyzing it quantitatively or statistically. This study uses secondary data. The data are gathered from the annual reports of consumer goods companies listed on the Indonesia Stock Exchange (IDX) for the years 2018–2022. In the 4-year time span of 2018–2022, researchers were able to capture significant changes that might affect consumer goods companies and their stock values. This provides more contextualized and applicable insights for stakeholders, including investors and company management. The Central Statistics Agency of Indonesia (www.bps.go.id) and Bank Indonesia's official websites are the sources of information on interest rates and inflation. The purposive sample strategy with certain criteria is used for sampling in this study.

The dependent variable of this study is the stock price. Stocks are securities that represent ownership in a company, and stock prices are determined by the exchange of exchange activities involving buyers and sellers of stocks (Widoatmodjo, 2009). The worth of a company's

shares at a specific point in time is represented by the price of stocks on the stock exchange. Fluctuations in stock prices are caused by the interaction of buyers and sellers, which causes stock prices to constantly rise and decrease. Investors are impacted by a variety of elements that are related to the firm both internally and outside at the same time. Jogiyanto (2017) states that the share price on the stock exchange at a given moment is known as the stock price. This price is set by market players and is impacted by supply and demand for the particular stock on the financial market. The stock price is ascertained by using the closing price of the stock.

There are several independent variables in this study. The first independent variable is earnings per share. Earnings per share (EPS) is a company's net profit divided by the total quantity of shares in circulation. According to Priatinah & Kusuma (2012), EPS tells investors everything they need to know about a company's performance, especially how its stock has performed. Consequently, when assessing management's performance in turning a profit for shareholders, EPS may be used as a benchmark. EPS is computed using the following formula:

$$\text{EPS} = \frac{\text{Net income}}{\text{Outstanding share}}$$

The second independent variable is the return on equity (ROE). As stated by Kasmir (2014), a company's formula for calculating ROE is net profit divided by equity or core capital. ROE is seen as an indicator of the wealth of shareholders or the worth of the business. This ratio shows the maximum percentage that can be produced. For current and prospective investors, ROE is critical since a high ROE is

indicative of value and an increase in ROE raises the value of the company.

$$\text{ROE} = \frac{\text{Net income after tax}}{\text{Total equity}}$$

The third independent variable is inflation. The pace of inflation may affect stock values, if it is low in Indonesia, reduced domestic product prices will increase consumer buying power. As a result, there is less money in circulation, which encourages investors to switch from savings to the stock market. The inflation rate used in this study is derived from information made public by the Central Statistics Agency and Bank Indonesia for the years 2018 through 2022.

The fourth independent variable is interest rates. The annual interest rate divided by the loan amount is the interest rate on a loan. According to Case (2001), interest rates are calculated by dividing the annual interest earned by the loan amount. In general, it is believed that a high interest rate is a bad news for stock values. First, a rise in interest rates shifts the focus of investing toward bank products. A second effect of rising interest rates is a reduction in business profitability. Interest rate fluctuations can impact the company's cash flow and perhaps have an impact on stock prices by changing investors' opinions of the fair value of equities. The Central Statistics Agency and Bank Indonesia contributed data from 2018 to 2022, which were used to calculate the interest rate in this study.

There are four hypotheses employed in this study. The hypotheses are tested using multiple linear regression. This study uses some statistical analysis such as descriptive statistics, classical assumption, coefficient determination test, f-test, and t-test. According to Sugiyono (2016), descriptive statistics is a statistical technique that analyzes data by presenting the

obtained data as it is, without attempting to generalize or draw inferences about the population as a whole.

A classical assumption test is needed to ensure that the model developed in this study is a BLUE model. The BLUE model has a normal residual distribution, there is no relationship between independent variables, homoskedasticity, and non-autocorrelation. To ascertain whether or not a residual distribution is normal, a test known as a normality test is utilized. One-sample Kolmogorov-Smirnov testing can be used for normality testing. Prayitno (2014) states that the One-Sample Kolmogorov-Smirnov test is employed to ascertain if the distribution of residual is normal, poisson, uniform, or exponential. If the significant value of the One-sample Kolmogorov-Smirnov test is greater than 0.05, the residual is normally distributed.

Multicollinearity testing aims to determine if the independent variables in a regression model are related to each other. (Ghozali, 2016). Multicollinearity accounts for the high correlation that exists between the independent variables in the sample. To evaluate multicollinearity, this study utilizes the Variance Inflation Factor (VIF) and Tolerance Value (TV) values. There is no multicollinearity if the VIF is < 10 and the TV is > 0.1 .

A good linear regression model does not contain heteroscedasticity. In the linear regression model, the heteroskedasticity test determines if the variance of the residuals varies for each observation. As a forecasting tool, the regression model is deemed invalid if the heteroscedasticity assumption is not satisfied. The Glejser Test approach is typically used for the heteroscedasticity test. This study used the Glejser test as its technique. The assumption is

there is heteroscedasticity if the probability value (sig) < 0.05 . Meanwhile, if the probability value (sig) > 0.05 , it means that the linear regression model does not contain heteroscedasticity (homoscedasticity).

A good linear regression model does not contain autocorrelation. The autocorrelation test is used to show how data grouped across time or space are correlated (Ajija, 2011). The autocorrelation test is run because errors at period $t-1$ (previous period) and period t are probably connected. The Durbin-Watson test (DW test) is used. The DW test has an assumption that there is not any autocorrelation if the $DU < DW < 4-DU$.

The coefficient determination test is used to assess how effectively the independent variables explain the variation in the dependent variable as a whole (Ghozali, 2016). The adjusted R^2 value is utilized in this study to evaluate the coefficient of determination. Prayitno (2014) states that the percentage contribution of the independent variables to the dependent variable will be shown by converting the adjusted R^2 value into a percentage.

The goodness of fit test is used to measure how well the regression function statistically estimates the true value (Ghozali, 2016). The goodness of fit of a model can be assessed using the f-statistic, which indicates whether or not all of the independent variables in the model collectively have a significant influence on the dependent variable.

This study employed a t-test to examine how the independent variables individually affect the dependent variable. In other words, the t-test is used to know how earnings per share, return on equity, inflation, and interest rates individually affect a company's stock price. If the sig. value < 0.05 and the regression

coefficient of the variable is consistent with the hypotheses, then the hypothesis is supported. It suggests a substantial partial influence of the independent variable on the dependent variable (Kuncoro, 2013). Meanwhile, if the sig. value < 0.05 but the regression coefficient of the variable is not consistent with the hypotheses or if the sig. value > 0.05, then the hypothesis is not supported.

This study uses linear regression analysis to determine how earnings per share (EPS), return on equity (ROE), inflation, and interest rates affect stock prices. To test the hypotheses of this study, the regression equation employed is as follows:

$$SPR = \alpha + \beta_1 EPS + \beta_2 ROE + \beta_3 INF + \beta_4 ITR + \varepsilon$$

Explanation:

SPR = Stock price

α = Constant

$\beta_1, \beta_2, \beta_3, \beta_4$ = Regression coefficients

EPS = Earnings per share

ROE = Return on equity

INF = Inflation

ITR = Interest rates

ε = error

RESULTS AND DISCUSSION

Results

The objective of this study is to examine the effect of earnings per share, return on equity, inflation, and interest rates on the company's stock price. The descriptive statistics used in this study provide the information about number of samples, minimum value, maximum value, mean, and standard deviation. The result of the descriptive statistics is presented in Table 1.

Table 1. Analysis of Descriptive Statistics

	N	Min	Max	Mean	Std. Dev.
EPS	126	0.190	2,913.000	176.840	335.136
ROE	126	0.000	1.399	0.159	0.167
INF	126	0.016	0.055	0.029	0.013
ITR	126	3.520	5.625	4.502	0.772
SPR	126	96.000	30,600.000	2,336.950	3,576.542

EPS = Earnings per share; ROE = Return on equity; INF = Inflation; ITR = Interest rates; SPR = Stock price

Source: Analyzed secondary data, 2023

Based on Table 1 it can be seen that the average of EPS is 176.840 with a standard deviation of 335.136 as the standard deviation. The minimum and maximum values of EPS are 2,913 and 0.190 respectively. The ROE variable's values range from 0.0001 at the least to 1.399 at the maximum, with an average of 0.159 and a standard deviation of 0.167. The inflation variable has a standard deviation of 0.013, a minimum value of 0.016, and a maximum of 0.055, with an average value of 0.029. The interest rates variable has maximum and minimum values of 3.520 and 5.625, with an average value of 4.502, and a standard deviation of 0.772. Additionally, the stock price variable has a minimum value of 96 and a maximum value of 30,600, along with an average value of 2,336.950 and a standard deviation value of 3,576.542.

This study did a classical assumption test to ensure the quality of the regression model. The first test is the normality test which is presented in Table 2.

Table 2. Normality Test

	Asymp. Sig. (2-tailed)
Unstandardized Residuals	0.280

Source: Analyzed secondary data, 2023

Based on Table 2 above, the results of the normality test using One-sample Kolmogorov Smirnov show the asymp. sig value of 0.280 > 0.05. This shows that the residual of the data in the regression model is normally distributed.

The second classical assumption test is the multicollinearity test. The result of the multicollinearity test is shown in Table 3.

Table 3. Multicollinearity Test

Variable	Tolerance	VIF
EPS	0.876	1.141
ROE	0.870	1.149
Inflation	0.997	1.003
Interest Rates	0.962	1.039

Source: Analyzed secondary data, 2023

Table 3 shows that EPS, ROE, inflation, and interest rates have a tolerance value > 0.10 and a VIF value < 10. Thus, it can be concluded that the model used in this study does not contain any correlation or can be called free from multicollinearity and these variables can be used in conducting research.

The third classical assumption test is the heteroscedasticity test. The result of the heteroscedasticity test is presented in Table 4.

Table 4. Heteroscedasticity Test

Variable	Sig.
EPS	0.137
ROE	0.351
Inflation	0.623
Interest Rates	0.195

Source: Analyzed secondary data, 2023

Based on Table 4 above, it can be seen that all the independent variables (EPS, ROE, inflation, and interest rates) have a sig. value > 0.05. Thus, it can be concluded that there is no heteroscedasticity disorder.

The last classical assumption test is the autocorrelation test. The result of the autocorrelation test is presented in Table 5.

Table 5. Autocorrelation Test

Durbin-Upper (DU)	Durbin-Watson (DW)	4 – DU
1.775	1.892	2.224

Source: Analyzed secondary data, 2023

Based on Table 5, a DW value of 1.892 is obtained from the autocorrelation test results. When looking at the Durbin-Watson (DW) table with $k = 4$ and $n = 126$, the result of DU is 1.775, and $4 - DU$ is 2.224. It is indicated that the DW value is within the range of $DU < DW < 4 - DU$ ($1.7751 < 1.892 < 2.224$). According to this, it can be concluded that there is no autocorrelation problem in the model.

Based on the classical assumption test, the model used in this study has met the criteria. Furthermore, the results of the coefficient determination test can explain how capable the EPS, ROE, inflation, and interest rates are in explaining the stock price. The result of the coefficient determination test can be seen in Table 6.

Table 6. Coefficient of Determination Test (Adjusted R^2)

Adjusted R Square	Conclusion
0.919	Independent variables have an effect of 91,9% on the dependent variable

Source: Analyzed secondary data, 2023

Table 6 above shows the Adjusted R Square value of 0.919. It means that the company's stock price can be influenced by 91,9% by the EPS, ROE, inflation, and interest

rates. Meanwhile, 8,1% of the company's stock price is influenced by other variables which are not studied in this study.

The multiple linear regression analysis is used to know the effect of EPS, ROE, inflation, and interest rates on the company's stock price. The result of multiple linear regression is shown in Table 7.

Table 7. Multiple Linear Regression

Variable	B	t	Sig.
Constant	551.812	0.995	0.322
EPS	10.551	38.133	0.000
ROE	-1,780.514	-3.194	0.002
Inflation	-1,705.707	-0.269	0.788
Interest Rates	56.520	0.493	0.623

Source: Analyzed secondary data, 2023

Based on Table 7, it can be seen that earnings per share (EPS) has a significant value of 0.000 which is less than 0.05 and the regression coefficient value is positive at 10.551. This means that EPS has a positive and significant effect on stock price. Thus the hypothesis that stated that EPS has a positive effect on the stock price is supported (H1 is supported).

The return on equity (ROE) variable has a significant value of 0.002 which is less than 0.05 and has a negative regression coefficient value of -1,780.514. This means that ROE has a negative and significant effect on stock price. Thus the hypothesis that stated that ROE has a positive effect on the stock price is not supported (H2 is not supported).

The inflation variable has a significant value of 0.788 which is greater than 0.05 and has a regression coefficient value of -1,705.707. This means that inflation has a negative and insignificant effect on stock price. Thus the third hypothesis which stated that inflation has a

negative effect on the stock price is not supported (H3 is not supported).

The interest rates has a significant value of 0.623 which is greater than 0.05 and the regression coefficient value is positive at 56.520. It means that the interest rates have a positive but insignificant effect on the stock price. Thus, the fourth hypothesis which stated that interest rates have a negative effect on the stock price is not supported (H4 is not supported). The summary of the hypotheses testing results is presented in Table 8.

Table 8. The Summary of Hypotheses Testing Results

Hypothesis	Result
H1: EPS has a positive effect on the stock price	Supported
H2: ROE has a positive effect on the stock price	Not Supported
H3: Inflation has a negative effect on the stock price	Not Supported
H4: Interest rates have a negative effect on the stock price	Not Supported

Discussions

The results of this study indicate that EPS has a positive effect on stock prices, so the first hypothesis (H1) is supported. The aforementioned discovery suggests that enhanced success in attaining net profit per share, as demonstrated by a greater EPS value, may augment the appeal to shareholders. The reason for this is that EPS is a reflection of the profits that stockholders have made on their investments. Consequently, an increase in the EPS value may pique investor interest in making capital investments. A higher degree of prosperity is indicated by high earnings per share, which suggests that the firm can offer

substantial rewards to investors. This result aligns with studies by Nurjanah (2021), Pangaribuan & Suryono (2019), and Utami & Darmawan (2018) that demonstrate the impact of EPS on stock prices. Sanjaya & Yuliastanty (2018), Putri & Muzakki (2023), and Suraya (2020) all found different results, indicating that EPS has no bearing on stock prices.

The results of this study indicate that ROE has a negative effect on stock prices, so the second hypothesis (H2) is not supported. ROE is the most important investment metric that shareholders take into consideration. ROE gauges how well a company makes use of the capital that its owners have invested to produce after-tax earnings. An investor's decision to purchase or not purchase a company's shares is frequently influenced by ROE. Businesses with high ROE ratios are more lucrative and desirable for investors to invest in. The results of this investigation do not support the conclusions of Fitriano & Herfianti (2021), Dewi & Suwarno (2022), and Ekawati & Yuniati (2020), which demonstrate that ROE affects stock price positively. Furthermore, the result of this study is also not consistent with Pangaribuan & Suryono (2019), Umar & Savitri (2020), and Putri & Muzakki (2023) who found no relationship between ROE and stock prices.

This study shows that inflation has no significant effect on stock prices, so the third hypothesis (H3) is not supported. A rise in inflation is usually accompanied by a rise in a company's earnings and costs, which may prompt investors to reevaluate their holdings and therefore lower stock values. This is regarded by investors as a bad sign. Prices for stocks usually rise when inflation rises and decrease when it does the opposite. Therefore, a rise in inflation might not always result in a

corresponding increase in stock prices. As opposed to how inflation affects stock prices, a company's capacity to handle capital market difficulties is determined by its present management. This research conclusion supports the findings of studies by Anwar & Soedjatmiko (2020), Idrus (2022), and Lestari & Hasanuh (2021) that stock prices are unaffected by inflation. This conclusion defies studies by Sella & Ardini (2022), Dwijayanti (2021), and Rismala & Elwisam (2019) which contend that stock prices are impacted by inflation.

This study shows that interest rates have no significant effect on the stock price, so the fourth hypothesis (H4) is not supported. Stocks decrease when interest rates on deposits rise after those on stocks do. Investors frequently sell their stock holdings and convert them to savings or deposits because they offer better income and less risk than equities. The value of stocks will therefore decrease concurrently with investors' decision to remove their holdings. Since Bank Indonesia sets the interest rates, changes in interest rates have no bearing on the current situation. The average interest rate from 2018 to 2022 was 4.50%, which is still seen as less advantageous than stock investment. This suggests that the increase in interest rates has no impact on investors' desire to allocate capital through stock buying. This finding is consistent with Rismala & Elwisam (2019), Naelufar et al. (2021), and Nadhifah & Agustin (2020) who found that stock price is unaffected by interest rates. However, this contrasts with Khan & Khan (2018), Astuti & Ardila (2019), and Sebo & Nafi (2020).

CONCLUSION

Examining and analyzing how earnings per share, return on equity, inflation, and interest

rates affect stock prices is the goal of this study. Businesses in the consumer goods industry that are listed on the Indonesia Stock Exchange (IDX) between 2018 and 2022 comprise the research population. Purposive sampling, which uses 29 companies as study samples, is the sampling technique employed. The analytical technique applied in this study was multiple linear regression analysis. The results of this study indicate that earnings per share have a positive effect on the stock price meanwhile return on equity has a negative effect on the stock price. Furthermore, the interest rates and inflation were found do not affect the company's stock price.

It is anticipated that subsequent scholars will broaden and supplement their analysis of internal and external elements. Financial ratios are among the variables derived from internal factors in this study, albeit their availability is still restricted in comparison to other financial ratios. In a similar vein, researchers might include external elements like the money supply and economic development with variables from external causes.

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