ABSTRACT

The study is aimed at analysing the influence of the Surprises of : Inflation, Deposit Interest Rate, SBI Interest Rate, Growth of Money Supply, Rupiah/USD and Buying-to-Selling Ratios of Foreign Investor to Stock in a model of Arbitrge Pricing Theory (APT) which was developed by Ross (1976) toward either all stock groups, stock groups under a bullish market or stock groups under a bearish market.

Surprise of Rupiah/USD is defined as the defference of average selling rate minus median rate of USD. Surprise Buying-to-Selling of Foreign Investor is defined as Buying-to-Selling Ratio by Foreign Investor minus one, and Surprises other macroeconomy variables is defined as estimation macroeconomy factors minus actual macroeconomy factors.

The analyses was conducted through two stages as done by Chen, Roll & Ross (1986) and Lee, Wei & Bubnys (1989). Those were first, a time series regression of Stock Return toward Surprise Factor of Macroeconomy to find loading factors, and second, cross-sectional regression of Average Stock Return toward loading factors to get APT model. The result of this analysis is as follows :

It is found that APT model is The Best Linear Unbiased Estimation (BLUE), where (1) either partially or simultaneously, except Surprise Rupiah/USD, all Surprise of Macroeconomy factors influence significantly toward Stock Return, (2) colinierity, autocorellation, heteroscedasticity do not occur, (3) passed normality and linierity test, not only to all stock groups, stock groups under bullish market, but also stock groups under bearish market.

The finding of these present study shows that for all stock groups where inflation, Deposit Interest Rate, SBI Interest Rate which are inductively and theoritically influence negatively toward Stork Return, in fact their surprises influence positively to Stock Return. On the contrary, the Growth of Money Supply which is inductively and theoritically positively influent to Stock Return, its surprise negatively influence to Stock Return.

Key words : Arbitrage Pricing Theory
Surprise Macroeconomy factors
Bullish
Bearish

THE MACROECONOMY FACTORS WHICH INFLUENCE STOCK RETURN IN JAKARTA STOCK EXCHAGE :

THE STUDY OF THE ARBITRAGE PRICING THEORY (APT) MODEL USING SURPRISE FACTOR AS EXPLAINING TO STOCK RETURN

By

A. Yusuf Imam Suja'i

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