

The Influence of Capital Expenditure, Nickel Exports, Nickel Prices, and Return on Equity on Stock Prices of Nickel Mining Companies in Indonesia

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ABSTRACT

This research aims to investigate the effect of Capital Expenditure, Nickel Exports, Nickel Prices, and Return on Equity on Stock Prices of Nickel Mining Companies in Indonesia during the period of 2014-2023. The research design uses a causal approach. The population of this study is nickel mining companies in Indonesia that are registered by the Indonesia Stock Exchange throughout the research period, 2014-2023, with the total population of 8 companies. This study uses saturation sampling method. There are 8 companies as samples of this study, resulting in 66 financial report data. The data is analyzed using the multiple regression. The research findings indicate that capital expenditure has a significant and positive effect on the stock price of nickel mining companies (Significance value is $0.000 < \alpha = 0.05$). Nickel exports do not affect the stock price of nickel mining companies (Significance value is $0.064 > \alpha = 0.05$). Nickel prices do not affect the stock price of nickel mining companies (Significance value is $0.311 > \alpha = 0.05$). Return on Equity has a significant and positive effect on the stock price of nickel mining companies (Significance value is $0.015 < \alpha = 0.05$).

INTRODUCTION

Stock prices are a major aspect for capital market players, because fluctuations in stock prices will affect investor profits and the company's image. If the stock price increases, it can be interpreted that investors will gain profit from the difference in the increase in stock prices or dividends received. Increasing stock prices will also make it easier for companies to obtain capital because they get a good image for investors.

The rate of stock price movement is difficult to predict. In making predictions, it can be done through three factors, namely technical factors, fundamental factors, and sentiment factors (Troiano et al., 2018).

Through fundamental analysis, the main approach used by securities analysts is financial reporting information that can help in determining investment decisions. This information includes accounting information contained in financial reporting that is used for decision making by various parties (Samsuar & Akramunnas, 2017). The fundamental factors used are Capital Expenditure and Return on Equity.

Indonesia is a country that has abundant natural resources known as a rich country often becomes one of the destinations for investors who want to seek profit. One of the natural resources owned by Indonesia that attracts foreign investors to decide to realize capital expenditure in Indonesia is Indonesia's natural resources including mining or mining products.

One of the policies taken by the president to respond to this phenomenon is to stop nickel exports to the European Union since 2020. This policy was taken by considering that the export value would be more profitable if nickel ore was converted into more valuable commodities. The impact of this policy is to increase exports of nickel derivative products.

The average volume of Indonesian processed nickel exports to the world market in 2016-2022 was 640.09 thousand tons. The highest volume of Indonesian processed nickel exports to the world market occurred in the fourth quarter of 2022, reaching 1,766.49 thousand tons. Meanwhile, the lowest volume of Indonesian processed nickel exports to the world market occurred in the first quarter of 2016, amounting to 167.81 thousand tons.(Fadlillah & Wahyuni, 2023).

According to Wibowo & Aminda, (2021) changes that occur through macroeconomic factors can influence the capital market which triggers macroeconomic factors to have the potential to form stock prices. There are various macroeconomic factors including inflation, exchange rates, interest rates and GDP which can influence stock prices (Zabidi & Haryono, 2018).

Exchange rate depreciation is expected to have a negative impact on domestic prices as well as the cost of imported commodities. A company's competitiveness is also affected by their exposure to foreign currencies as an importer or exporter, which ultimately impacts the prices of the company's inputs and outputs. When a country's currency appreciates, exporters lose their competitiveness in the international market and result in lower sales or profits, which ultimately lowers the company's stock price. Conversely, if the domestic currency depreciates, local companies become more competitive making

exports more expensive in international trade. High exports lead to higher company profits, which has the potential to increase stock prices.

In addition to macroeconomic factors that can affect stock prices, external factors can also affect stock prices including world commodities and indexes, including world commodities including world oil prices and world gold prices. World Oil Price triggers an increase in corporate profits in the mining sector, increasing corporate profits can share positive signals that will trigger stock prices and stock markets to increase in value (Rustyaningsih & Purwohandoko, 2018).

Relevant previous research is able to provide theoretical and methodological foundations for analyzing these relationships, including research Gregoriou et al., (2015) shows that capital expenditure significantly increases stock value. This statement is supported The Great, (2018) who found that capital expenditure has a positive effect on stock prices. However, the findings (Son, 2024) concluded that capital expenditure had no effect on stock value.

Other variable factors include export value as one of the important elements in the country's economy. Research findings Khan & Khan, (2018) stated that the growth in export value had a positive impact on stock prices. This is different from research Kusuma & Noor, (2024) said that most investors considered the announcement of the export ban policy to have a positive impact on stock prices.

Commodity prices and financial performance are also considered to be aspects that have an impact on policy formulation, research from Ahmad, (2021), Rahyuda et al., (2014), Marjohan, (2015), and Tjandrasa & Sutjiati, (2016) proves that there is an influence on the commodity price variable on stock prices. This is inversely proportional through research Rustyaningsih & Purwohandoko, (2018) which states that world commodity prices do not impact the share prices of mining companies.

Study Aminah et al., (2020), and Banerjee, (2019) suggests that return on equity has a significant impact on stock prices. However, research Hill, (2013) concluded that return on equity has no impact on stock prices.

Based on the above phenomenon, it contains several inconsistent findings that can make investors hesitate to invest. Based on this, the author is motivated to conduct research through the title "The Effect of Capital Expenditure, Nickel Exports, Commodity Prices, and Return on Equity on Nickel Mining Companies Listed on the Indonesia Stock Exchange".

LITERATURE REVIEW

Capital Expenditure

Capital Expenditure is a sum of funds disbursed by management for various purposes including property, plant and equipment Griner & Gordon, (1995). According to Riyanto, (2001) capital expenditure is a company's expenditure and defines it as the allocation of funds to be invested through various company assets. Meanwhile, according to Van Horne & Wachowicz Jr, (2012) Capital expenditure is an expenditure that is capable of providing

benefits in the future and therefore can be treated as a capital expenditure and not as a cost of the period in which it occurs.

Study Gregoriou et al., (2015) found that capital expenditure is a major determinant of stock price volatility in telecommunications companies. For investors, the fact that these companies are investing in technology indicates that they have the resources to grow and implement competitive services and products. While Research the Great, (2018) which examines the impact of Capital Expenditure on the stock price of Companies listed on the Malawi Stock Exchange (MSE), found that capital expenditure is correlated through Return on Capital Employed, and Net Profit. This study found a positive relationship between a company's capital expenditure and stock price.

However, Research Son, (2024) stated that capital expenditure does not affect stock prices. The implication of this study is that companies should always maintain and improve their financial and operational performance so that investor sentiment and capital market signals remain positive.

H1: Capital Expenditure has a significant and positive impact on the share prices of nickel mining companies listed on the Indonesia Stock Exchange.

Export

Exports are products produced by domestic companies and purchased by foreign countries. The most important factor determining exports is the ability of the country to produce goods that can compete in foreign markets (Sukirno, 2008).

National income is directly affected by exports. The reverse relationship, namely that an increase in national income will certainly result in an increase in exports, does not always apply. This is because an increase in national income can also be a consequence of an increase in government, corporate, and household spending and the substitution of domestically produced goods with imported goods (Sukirno, 2008).

Study Khan & Khan, (2018) which examines the impact of macroeconomic variables on Karachi Stock Exchange stock prices using regression analysis. The results show that commodity export growth has a significant impact on stock prices. However, the study Kusuma & Noor, (2024) examines how the stock market responded to the announcement of the export ban policy of crude palm oil and its derivatives, as stipulated in the Regulation of the Minister of Trade of the Republic of Indonesia Number 22 of 2022 concerning the Temporary Ban on the Export of Crude Palm Oil, Refined, Bleached, Deodorized Palm Oil, and Used Cooking Oil.

This policy was announced on April 27, 2022. The test results show that stock prices are not affected by the export ban regulation. This is because investors do not consider the announcement of the CPO and derivative export ban policy as a negative sentiment and believe that stock performance will bounce back so they do not make drastic buy/sell decisions and are ultimately reflected in the movement that tends to stagnate stock prices in the period after the event.

H2: Nickel exports have a significant and positive impact on the share prices of nickel mining companies listed on the Indonesia Stock Exchange.

Nickel Commodity Prices

Based on the Big Indonesian Dictionary or KBBI, commodities are basic merchandise, commercial commodities, which can be grouped into quality based on international standards. Thus, the understanding of commodities is the main subject of trade and other commercial goods that can be sold are imported or exported goods in order to make a profit. Commodities come from a foreign language, namely English "commodity", and its etymology comes from French. Through other terms, "commodite" which means giving pleasure to service and quality.

Study Angelidis et al., (2015) which examines the price of oil commodities on stock price movements in the United States. The results show that oil prices have a significant and positive impact on stock prices. This finding is important for stock market forecasters and investors who deal with the stock market and derivatives. While Research Ahmad, (2021) shows that the Composite Stock Price Index is not affected by the price of gold commodities. The implications of this study provide information to investors who must pay attention to Commodity Prices if they want to invest in Indonesia.

H3: Nickel commodity prices have a significant and positive impact on the share prices of nickel mining companies listed on the Indonesia Stock Exchange.

Return on Equity

Profitability ratio analysis is a stage in the process of evaluating a company's financial performance in terms of financial management. To determine the level of productivity of a company's business, profitability analysis is needed. Munawir, (2004) states that the profitability ratio shows the company's capacity to generate profits within a certain period of time. This ratio provides an overview of the effectiveness of company management.

Return on Equity is used to assess how well a company's capital is performing. Return on Equity is a measure used to evaluate net profit after capital gains tax. According to Cashmere, (2018) the effectiveness of capital use is indicated by this ratio. An increasing ratio indicates a strengthening of the company's position, and vice versa.

Study Banerjee, (2019) studying return on equity on stock prices is taken by using regression analysis. The results show that return on equity has a significant impact on stock prices. However, the study Hill, (2013) stated that stock prices are not affected by return on equity. This study can provide significant benefits for investors who can carefully examine return on equity while choosing an optimal portfolio.

H4: Return on Equity has a significant and positive impact on the share prices of nickel mining companies listed on the Indonesia Stock Exchange.

Based on the theoretical explanation above, a conceptual framework can be prepared regarding the analysis of the influence of capital expenditure, nickel exports, nickel prices, and return on equity on the price of nickel mining shares listed on the Indonesia Stock Exchange, including in Figure 1.

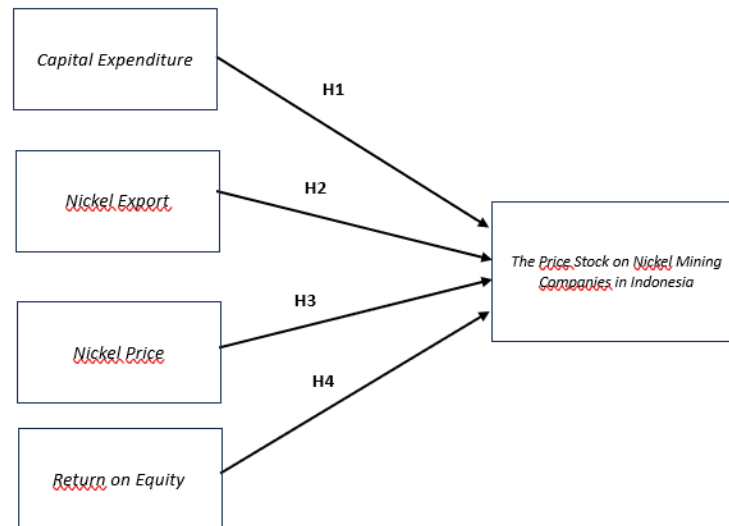


Figure 1. Conceptual Framework

METHODOLOGY

The design of this study is quantitative. This study aims to find the relationship between two or more variables that aim to find the cause and effect between one variable and another. The dependent variable in this study is price while the independent variables are capital expenditure, nickel exports, nickel commodity prices and return on equity. The population in this study is nickel mining companies in Indonesia listed on the Indonesia Stock Exchange during the period 2014-2023, with a population of 8 companies. This study uses a saturation sampling technique, data on the variables to be studied are available in the annual financial reports published during the period 2014-2023.

Table 1. Sample of the study

No	Sample
1	PT Aneka Tambang (Persero) Tbk.
2	PT Vale Indonesia Tbk.
3	PT Central Omega Resources Tbk.
4	PT Timah (Persero) Tbk.
5	PT Ifishdeco Tbk
6	PT PAM Mineral Tbk
7	PT Natural Resources Indonesia Tbk
8	PT Harum Energy Tbk

The research instrument used in this study is financial report data from research samples during the research period (2014-2023) with unbalance data caused by not all companies listed on the stock exchange since 2014 so that from

8 research samples for 10 years 66 financial report data were obtained. Data collection was carried out by means of Field Research and library research by collecting financial reports and articles that are relevant to the topics discussed, especially capital expenditure, nickel exports, nickel commodity prices and return on equity. Data analysis using multiple linear regression, This is because there are several independent variables in the data studied.

Multiple linear regression analysis is used to predict changes in dependent variable scores when independent variable scores increase or decrease, as well as to determine the direction of the relationship between the independent variables and the dependent variables, including whether each independent variable has a positive or negative relationship. (Matondang & Nasution, 2022).

Multiple linear regression analysis is explained as follows:

$$\ln(\text{Stock}) = \beta_0 + \beta_1 \text{Capex} + \beta_2 \ln(\text{Exp}) + \beta_3 \ln(\text{Nickel}) + \beta_4 \text{ROE} + \varepsilon \dots \dots \dots (1)$$

Note :

Stock	:	Stock Price
Ln	:	Natural Logarithm
Capex	:	Capital Expenditure
Exp	:	Export Nickel
Nickel	:	Nickel Price
ROE	:	Return on Equity
$\beta_0, \beta_1, \beta_2, \beta_3, \beta_4$:	Regression coefficients
ε	:	Residual (error)

A linear regression model is called a good model if the model meets several assumptions that are better known as classical assumptions. The classical assumptions that must be met are that the residuals are normally distributed, there is no multicollinearity, there is no heteroscedasticity and there is no autocorrelation. The classical assumptions must be met in order to obtain a regression model with unbiased estimates (Priyastama, 2020). The results of the study stated that there was no multicollinearity, heteroscedasticity, and autocorrelation with normally distributed data.

Hypothesis testing in decision making regarding hypotheses is stated as follows:

If the independent variable has a calculated t value > t table and if the significance score < 0.05 then the hypothesis is accepted.

If the independent variable has a t-count value < t-table and if the significance score > 0.05 then the hypothesis is rejected.

RESEARCH RESULT AND DISCUSSION

Descriptive Statistics

Table 2. Descriptive Statistics of Capital Expenditure, Nickel Exports, Nickel Prices, Return on Equity and Stock Prices of Nickel Mining Companies in Indonesia

No	Variables	Min	Max	Mean	Std. Deviation
1	Stock price	4.234	8,868	6,493	1.108
2	Capital Expenditure	-5.3E+11	6.2E+12	7.494E+11	1.2556E+12
3	Nickel Exports	29,898	32,335	30,635	0.847
4	Nickel Price	18,778	20,004	19,282	0.347
5	Return on Equity	- 0.951	0.383	0.052	0.171

Multiple Linear Regression Analysis

Multiple Linear Regression Analysis in this study has gone through the stages of Normality Test, Multicollinearity Test, Heteroscedasticity Test, Autocorrelation Test and t-Test. This study uses the SPSS version 25 application with the following results:

Table 3. Results of Multiple Linear Analysis without control variables

No	Variable	Coefficients				t	Sig.
		Unstandardized Coefficients		Standardized Coefficients	Beta		
		B	Std. Error				
	(Constant)	-4.887	6,.655	0	-.734	0.466	
1	Capex	4.69E-10	0.00	0.543	5.141	0.000	
2	LnExport	-0.329	0.186	-0.264	-1,766	0.082	
3	LnPriceNickel	1,088	0.469	0.342	2,321	0.024	
4	ROE	1,677	0.721	0.255	2.328	0.023	

Based on the results of the multiple linear regression analysis above, the regression equation obtained is:

$$Stock = -4,887 + 4,693Capex + -0,329Exp + 1,088Nickel + 1,677ROE + \epsilon.....(2)$$

Table 4. Results of Multiple Linear Analysis using control variables

No	Variable	Coefficients				t	Sig.
		Unstandardized Coefficients		Standardized Coefficients	Beta		
		B	Std. Error				
	(Constant)	-14,351	10,178		-1.410	0.164	
1	Capex	4.745E-13	0.000	0.549	5.172	0.000	
2	LnExport	-0.382	0.202	-0.307	-1,889	0.064	
3	LnPriceNickel	0.618	0.605	0.194	1,022	0.311	

4	ROE	1,849	0.742	0.281	2.493	0.015
5	LnGoldPrice	0.670	0.903	0.136	0.742	0.461
6	TinPrice	0.444	0.609	0.103	0.729	0.469

Meanwhile, if the control variables are included, the regression equation obtained is:

$$Stock = -14,351 + 4,745Capex + -0,382Exp + 1,849Nickel + 0,670ROE + \epsilon \dots \dots \dots (3)$$

The regression line equation means:

The parameter value or regression coefficient b1 shows that every 1 unit increase in capital expenditure variable, the company's stock price will increase by 4.693 assuming other independent variables (nickel exports, nickel prices, and return on equity = 0) remain constant. Meanwhile, if it is accompanied by the value of the gold price and tin price variables which have a fixed value, the company's stock price will increase by 4.745.

The parameter value or regression coefficient b2 shows that every nickel export variable increases by 1 unit, the stock price of the company in question will decrease by -0.329 assuming other independent variables (capital expenditure, nickel price, and return on equity = 0) remain constant. Meanwhile, if it is accompanied by the gold price and tin price variables which have fixed values, the stock price of the company in question will decrease by -0.382.

The parameter value or regression coefficient b3 shows that every nickel price variable increases by 1 unit, the stock price of the company in question will increase by 1.088 assuming other independent variables (capital expenditure, nickel exports, and return on equity = 0) remain constant. Meanwhile, if it is accompanied by the gold price and tin price variables which have fixed values, the stock price of the company in question will increase by 0.618.

The parameter score or regression coefficient b4 shows that each nickel price variable increases by 1 unit so that the company's stock price will increase by 1.677 through the assumption that other independent variables (capital expenditure, nickel exports, and return on equity = 0) remain constant. Meanwhile, if it is combined with the gold price and tin price variables which have a fixed value, the company's stock price will increase by 1.849.

Hypothesis Testing

Based on the results of the t-test on the independent variables against the dependent variables as in table 5 below:

Table 5. Hypothesis testing results

Hypothesis	Influence	Results
H1	Capital Expenditure on Stock Prices	Accepted
H2	Nickel Exports on Stock Prices	Rejected
H3	Nickel Commodity Prices Against Stock Prices	Rejected
H4	Return on Equity to stock price	Accepted

a. Hypothesis 1 is accepted

The results of the t-test on the capital expenditure variable (X1) obtained a t-value of 5.141 > from the t-table, which is 1.99656 and a sig. value of 0.000 <0.05. While if the control variable is entered, the t-value is 5.172 > from the t-table, which is 1.99656 and a sig. value of 0.000 <0.05, then H₀ is not proven and H_a is proven. This means that capital expenditure has a significant and positive effect on the stock price of nickel mining companies in Indonesia, which means that hypothesis one is proven.

The results of this study confirm the research Gregoriou et al., (2015) and the Great, (2018) showing the use of capital expenditure is able to share a significant and positive influence on stock prices. The influence of capital expenditure on stock prices of nickel mining companies in Indonesia can be explained through the perspective of Signal Theory. When a nickel mining company announces that it has realized a large capital expenditure to increase production capacity, this is a positive signal that management believes in the growth of nickel demand and future profit prospects.

Investors who monitor this signal tend to respond by purchasing shares, this is in line with the company's commitment through the nickel downstreaming program set by the Indonesian government so that nickel exports are not made of raw material, thus triggering nickel companies in Indonesia to realize significant capital expenditure for the construction of smelters and battery factories in Indonesia.

b. Hypothesis 2 is rejected

The t-test results on the nickel export variable (X2) obtained a t-value of -1.766 <from ttable which is 1.99656 and a sig. value of 0.082 > 0.05. While if the control variable is entered, the t-value is -1.889 <from ttable which is 1.99656 and a sig. value of 0.064 > 0.05, then H₀ is proven and H_a is not proven. This means that nickel exports do not affect the stock price of nickel mining companies in Indonesia, which means that hypothesis two is not proven.

The results of this study confirm the research Khan & Khan, (2018) showing exports have no impact on Karachi Stock Exchange share prices.

The phenomenon of nickel exports that have no impact on the stock prices of nickel mining companies is caused by several factors. First, the stock prices of nickel mining companies are influenced by variables other than export volume. However, the company's financial performance, business strategy, and operational efficiency play a greater role in attracting investor interest, even if the volume of nickel exports increases and the company does not manage its operations well so that its stock price can remain stagnant or decline.

Second, external factors include fluctuations in global nickel prices, international trade policies, and macroeconomic conditions also affect stock prices. For example, if there is a protectionist policy from an importing country or a decline in global demand, even though exports remain high, stock prices can be negatively affected.

Third, market perception and sentiment towards a company's long-term prospects are more impactful when compared to short-term export data. When

investors monitor a company's strong growth potential and sustainability, they tend to remain optimistic despite export headwinds.

c. Hypothesis 3 is rejected

The results of the t-test on the nickel price variable (X3) obtained a t-value of 2.321 > from the t-table, which is 1.99656 and a sig. value of 0.024 <0.05. While if the control variable is included, the t-value is obtained at 1.022 <from the t-table, which is 1.99656 and a sig. value of 0.311 > 0.05, then H0 is proven and Ha is not proven. This means that the effect of nickel prices without including control variables (gold prices and tin prices) has a significant and positive effect on stock prices. However, if the control variables are included in the t-test, the nickel price does not affect the stock prices of nickel mining companies in Indonesia, which means that hypothesis three is not proven.

The results of this study confirm the research Tjandrasa & Sutjiati, (2016) which shows that the prices of commodities such as gold and oil do not affect the composite stock price index in Indonesia, whereas in the study Rustyaningsih & Purwohandoko, (2018) shows that world oil commodity prices do not affect mining stocks. Fluctuations in world commodity prices have not been able to describe company performance, rising commodity prices are not necessarily accompanied by better company performance.

The phenomenon of nickel prices that do not affect the stock prices of nickel mining companies can be caused by several factors. First, the stock prices of mining companies are not only influenced by the prices of the commodities they produce, but also by the company's overall performance, including operational efficiency, risk management, and product portfolio diversification. If the company is able to maintain stable and efficient financial performance, investors remain optimistic about the stock even though the nickel price fluctuates.

Second, external factors such as global economic conditions, government policies, and geopolitical situations also play an important role in determining stock prices. For example, if there is a policy that supports the mining industry or there is political stability in the operating area, this can strengthen investor confidence.

Third, market expectations and investor sentiment tend to be more influential than the movement of the commodity price itself. If investors believe that the company's long-term prospects remain positive, they may continue to invest even if nickel prices are falling. Therefore, although there is a correlation between commodity prices and stock prices, this relationship is not always direct and can be influenced by a variety of other variables.

d. Hypothesis 3 is rejected

The results of the t-test on the return on equity variable (X4) obtained a calculated t value of 2.328 > from the t table, which is 1.99656 and a sig. value of 0.023 <0.05. While if the control variable is entered, the calculated t value is 2.493 > from the t table, which is 1.99656 and a sig. value of 0.015 <0.05, then H0 is not proven and Ha is proven. This means that return on equity has a

significant and positive effect on the stock price of nickel mining companies in Indonesia, which means that hypothesis four is proven.

The results of this study confirm the research Aminah et al., (2020) which shows that return on equity has a significant and positive effect on the share prices of mining companies listed on the Indonesia Stock Exchange and research Banerjee, (2019) who found that there is a significant relationship between the Return on Equity ratio and stock prices in companies located in the United Arab Emirates.

High return on equity can encourage investors to invest more in the company because return on equity can measure how efficiently the company uses its capital to generate profits. Return on equity provides an overview of how efficiently the company manages the capital provided by its shareholders. The higher the return on equity, the better the company is at generating profits for its shareholders.

The significant impact of Return on equity on stock prices can also be seen from a valuation perspective. Companies with high Return on equity tend to get higher valuations from the market, because investors tend to pay a premium for good financial performance and sustainable profit growth potential.

CONCLUSIONS AND RECOMMENDATIONS

Based on the results of the analysis and discussion that have been carried out regarding the influence of capital expenditure, nickel exports, nickel prices, and return on equity on the stock prices of nickel mining companies listed in Indonesia for the period 2014-2023, it can be concluded that first, capital expenditure has a significant and positive effect on the stock prices of nickel mining companies in Indonesia. These results indicate that large capital expenditure has the potential to increase the company's income in the future. Second, nickel exports have no effect on the stock prices of nickel mining companies in Indonesia. These results indicate that high exports are not necessarily accompanied by good financial performance so that investors do not make the variables in question a determinant in managing their shares. Third, the price of nickel commodities has no effect on the stock prices of nickel mining companies in Indonesia. These results indicate that market expectations and investor sentiment tend to have a greater impact than the movement of the commodity price itself and the use of hedging strategies or long-term contracts to protect themselves from commodity price fluctuations is able to provide signals that company management has a mature strategy to manage risk. Fourth, return on equity has a significant and positive effect on the stock prices of nickel mining companies in Indonesia. These results indicate that return on equity provides an overview of how efficient the company is in managing the capital distributed by its shareholders. The higher the return on equity, the better the company is at generating profits for its shareholders.

ADVANCED RESEARCH

This study has limitations in the lack of research data on nickel companies listed on the Indonesia Stock Exchange. This is because the growth of nickel

companies in Indonesia has not been significant before the phenomenon of the shift in energy sources from fuel oil to electricity.

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