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Dynamics of Idxenergy Stock Returns: A Comprehensive Analysis of GDP, Exchange Rates, DJIA Index and Oil Prices

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A B S T R A C T

The movement of stock returns is a complex phenomenon that can be influenced by a number of factors, both macroeconomic and global factors. This study aims to explore the relationship and understand the extent to which these factors affect stock return movements, especially in the context of macroeconomic and global dynamics. The population of this study consists of companies listed in the IDXENERGY sector. Purposive sampling is used as a sample selection technique and 30 companies that meet the criteria are obtained. Panel data regression analysis with a significance level of 5% was conducted using Eviews 13. The research findings show that GDP has a negative impact on stock returns, while exchange rates, DJIA Index, and world oil prices have a positive impact on stock returns

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INTRODUCTION

In the trajectory of advancing economic globalization, the capital market assumes a progressively pivotal role within the economic framework of a nation, specifically in relation to capital flows and economic expansion (Adnyana, 2020 p. 14). Since 2021, equities listed on the Indonesia Stock Exchange (IDX) have been systematically categorized into 11 distinct sectors. Among the various sectors, the energy sector has shown significant promise in recent years. According to the International Energy Outlook (USEIA, 2021), global energy consumption is anticipated to witness a 50% surge between 2020 and 2050. The significant impact of energy on promoting economic growth is apparent in both advanced and emerging countries, including Indonesia. This phenomenon has attracted the attention of both local and global investors, stimulating a heightened interest in the energy industry (Margireta, 2022).

Figure 1. IDXENERGY Performance for 2018-2022
Source: www.idx.co.id

The performance data of the stock performance above indicate that the IDXENERGY has experienced the highest increase compared to LQ45 and JCI, specifically rising by 113,17%. Especially from 2020 to 2022, the stock performance of the energy sector exhibited a drastic increase of up to 100%. Surprisingly, this increase happened during the COVID-19 pandemic in the same timeframe. The observed upward trend in stock performance contradicts established theories and empirical studies, which suggest that events with negative signals, such as a global pandemic, typically have adverse effects on stock performance due to reduced business activities that can harm companies and diminish investor interest (Darmayanti et al., 2021).

Before making investment decisions, investors must consider various factors that can present potential risks. According to Adnyana (2020), stock returns are influenced by various domestic macroeconomic factors, such as inflation, GDP, interest rates, and exchange rates. The FED rate, global indices, oil and gold prices, and other global macroeconomic factors can also affect stock returns (Rahmawati & Baini, 2019).

According to information released by the Central Statistics Agency (BPS), Indonesia's GDP growth from 2018 to 2022 tends to experience fluctuations. In 2020, Indonesia's GDP growth touched (2,07%), a decrease from the previous year's figure of 5,02%, triggered by the COVID-19 pandemic (CNBC Indonesia, 2023). Interestingly, the performance of IDXENERGY stocks from 2019 to 2020

shows an increase. However, this contradicts the theory that suggests a positive relationship between an increase in GDP and stock returns, as higher GDP is seen as a positive signal for investment (Tandelilin, 2017 p. 346). Hidayati & Rahardika (2023), Huy et al., (2020), and Soyemi et al. (2019) conducted research and discovered a relationship between GDP and stock returns. On the other hand, Tejokusumo et al., (2022), Sya'bani & Fathoni, (2022), and Chasanah, (2018) found no influence of gross domestic product on stock returns.

Another macroeconomic factor influencing stock returns is the exchange rate. The exchange rate reflects the value of the local currency against other foreign currencies. According to the Central Statistics Agency (BPS), the Rupiah has tended to weaken from 2018 to 2022. However, 2019 was an exception when there was an appreciation of the rupiah against the US dollar, followed by a decrease in stock prices in the same year. This phenomenon contradicts the theory suggesting that currency appreciation should increase returns. Ramadhan et al., (2022), Khairiyah & Agustin, (2021), and Qotrunnada et al., (2021) found that the exchange rate affects returns. Conversely, Marsintauli, (2019), Azid et al., (2023), and Ridha & Harmaini, (2019) found no effect of exchange rate on returns.

Global external factors also play a role in influencing stock returns, such as global indices, exemplified by the Dow Jones Industrial Average (DJIA). According to the stock price movement chart of the DJIA from 2018 to 2019, it tended to experience an increase (Fred Economic Data, 2023). However, in the same year, the performance of IDXENERGY stocks instead decreased by -17.3%, contrary to the theory stating that an increase in the DJIA Index could lead to an increase in stock returns (Tahmat et al., 2022). Findings from Ratnaningrum et al. (2022) and Tahmat et al. (2022) reveal an influence of the DJIA Index on stock returns. In contrast, the results from Chandrawinata & Handoyo (2022), Febrianti & Taufiq, (2018); and Putri & Bebasari, (2023) indicate no impact of the DJIA Index on returns.

Oil prices are another global factor that affects returns. According to information released by the World Bank, during the period 2020–2022, world oil prices experienced significant fluctuations. Upon closer examination, in April 2020, there was a sharp decline, reaching 16.25 USD per barrel due to the impact of the COVID-19 pandemic (Ahdiat, 2023). However, the performance of IDXENERGY stocks increased in the same year, contradicting the theory that suggests a positive influence of world oil prices on stock returns. Research by Endri et al. (2021), Atif et al (2022), and Tanod et al. (2023) reveals an influence of world oil prices on stock returns. In contrast, studies by Ramadhan et al., (2022), Marwanti & Robiyanto, (2021), and Desitania (2021) found no impact of world oil prices on returns.

Based on the conditions observed in the field and the disparities in previous research findings, the study on the influence of Gross Domestic Product, Exchange Rate, DJIA Index, and world oil prices remains an intriguing subject for further investigation.

LITERATURE REVIEW

Signaling Theory

The signaling theory was originally proposed by Michael Spence (1973). According to this theory, information providers strive to send signals that depict the company's condition and can be utilized by information receivers in decision-making. Meanwhile, Brigham et al., (2019 p. 484) define signaling theory as a business management policy that can instruct investors on how management perceives the company's prospects. Referring to the motivation signaling theory, signaling theory is the effect resulting from the disclosure of information by managers, providing both positive and negative signals about the company (Sinurat & Ilham, 2021 p. 58). If the information signals are good and positive, there will be an improvement in the company's performance, attracting investors (Lisandri et al., 2023)

Contagion Theory

The contagion effect, known as the ripple effect, refers to a crisis condition emerging in one country but having a spreading impact on other countries, both neighboring and within the same geographical region (Ananda & Khusaini, 2023). Stefhani & Noviarti, (2019) assert that a crisis can spread to another country when that country shares similar economic conditions. Similar characteristics and close geography allow countries in a specific region to experience a high contagion effect (Hidayat et al., 2018). As a developing country, Indonesia is highly dependent on the international economic situation. Consequently, it is suspected that the Indonesian capital market is influenced by the conditions of the capital markets in developed countries (Aji & Abundanti, 2022)

Stock Returns

Simorangkir (2019) defines return as the expected return on investment. Return essentially consists of two components, namely yield and capital gain (loss). Yield represents the periodic cash flow (income) obtained from an investment, which can be recognized from the dividends received when purchasing stocks. On the other hand, gains (losses) contain the fluctuations in stock prices that can result in profits or losses for investors.

Gross Domestic Product

The total value of goods and services produced by a country is defined as its gross domestic product (GDP). GDP can be measured by summing up household consumption expenditures, gross investment, net exports of goods and services, and government expenditures (Dynan & Sheiner, 2018).There are two categories of GDP: nominal GDP, which assesses the prices of goods and services at current market prices, and real GDP, which evaluates the prices of goods and services at constant prices (Setiawan, 2020).

Healthy GDP growth reflects the economic well-being of a country. Theoretically, positive GDP growth is characterized by increasing purchasing power, rising wages, increased export values, and decreased unemployment rates (Fadila et al., 2022). GDP growth creates an attraction for investors to invest in the capital market. Investors are more inclined to invest in the capital market when they see that the country's economy is growing well (Ratnaningrum et al., 2022)

H1: Gross Domestic Product Affects Stock Returns

Exchange Rate

The comparison between the local currency and other countries' currencies is known as the exchange rate (Wiyono & Kusuma, 2021 p. 376). On the other hand, Sukirno, (2019 p. 307) defines the exchange rate as the amount of local currency needed to obtain one unit of foreign currency. To distinguish exchange rates, economists categorize them into two types: rates that measure the nominal value of a country's currency and rates that measure the value of goods between two countries.

The instability of exchange rates has the potential to decrease investor confidence in the country's economic conditions (Septariani, 2020). Exchange rate stability is crucial, especially for companies engaged in export and import activities that routinely use foreign currencies, such as the US Dollar, as a common transaction medium in international trade (Salim, 2018). Depreciation can also diminish investor interest in allocating funds to stock instruments, leading them to prefer investing in other assets (Azid et al., 2023) .

H2: Exchange Rate Affects Stock Returns

Dow Jones Industrial Average Index

The DJIA is a compilation of 30 stocks from large companies and Blue Chips, representing high-quality stocks with good profits and dividends since 1896 (Hartono, 2017 p. 169). The Dow Jones Index is part of the Top Three indices in the US, alongside the Nasdaq Composite and Standard & Poor's 500. DJIA remains the most renowned and sought-after stock index globally, serving as a key indicator to measure market performance (Alfin Yudha Aditya, 2017).

The increase in DJIA reflects the positive performance of the US economy. When the US economy grows strongly there will be an increase in export activities. When a company's export activities increase, the stock price and stock return of the company will also increase due to the rise in company revenue (Prayoga & Khairunnisa, 2019).

H3: Dow Jones Industrial Average Index Affects Stock Returns

Oil Price

Safitri et al., (2022) define the oil price as the monetary value set to obtain one barrel of oil using the US dollar. The determination of oil prices is based on the API (American Petroleum Institute) gravity level and sulfur content level. According to the API, the unit known as gravity indicates the density level of oil. In the global market, there are three types of standard oils traded: West Texas Intermediate (WTI) oil, which is the primary choice in America; Brent oil, more recognized in Europe; and Dubai oil, popular in the Middle East.

The increase in world oil prices indicates a rise in demand, reflecting the improvement in the global economy. The rise in world oil consumption is frequently accompanied by a corresponding rise in the demand for mining commodity products. Consequently, an increase in the price of crude oil will result in higher expectations for the company's performance, which in turn will cause a corresponding increase in stock prices and the return rate of the company's shares (Saragih et al., 2021).

H3: World Oil Price Affects Stock Returns

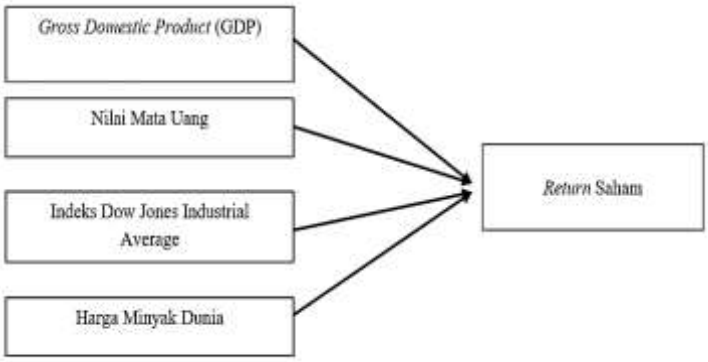

Figure 2. Conceptual Framework

METHODOLOGY

This study is quantitative research that uses secondary data to analyze how macroeconomic factors, such as gross domestic product and exchange rates, as well as global factors, such as the Dow Jones Industrial Average index and world oil prices, influence the stock returns of IDXENERGY. The study utilizes panel data analysis methodologies. The regression model in panel data can be expressed with the following equation:

$$Yit = \alpha + \beta 1X1it + \beta 2X2it + \beta 3X3it + \beta 4X4it + \varepsilon it$$

The study population consisted of a comprehensive set of 83 companies listed on IDXENERGY. The purposive sampling technique was utilized to select the sample according to specific criteria. The criteria included (1) companies that have been continuously listed on IDXENERGY from 2018 to 2022; (2) companies that have not conducted an initial public offering (IPO) during the specified period; (3) companies with no record of suspension or delisting; and (4) companies that regularly publish comprehensive annual reports. Thirty companies met the specified criteria and were subsequently selected as the research sample. During a period of 5 years, a total of 150 samples were utilized in the study. The data were obtained from the official websites of IDXENERGY companies, The Central Statistics Agency (BPS), The Indonesia Stock Exchange (IDX), Fred Research Economic Data (https://fred.stlouisfed.org/), and the U.S. Energy Information Administration (eia.gov). The collected data includes annual data for each variable used in the study, including the closing stock prices of IDXENERGY companies, GDP growth, exchange rate, closing prices of the DJIA Index, and oil price data.

RESEARCH RESULT
Descriptive Statistical Analysis

Table 1. Descriptive Statistics Test

	N	Minimum	Maximum	*Mean*	Std. Deviation
Gross Domestic Product	150	-0,020700	0,053100	0,034300	0,028206
Exchange Rate	150	9,539716	9,663389	9,580766	0,043586
DJIA	150	-0,087800	0,223400	0,067820	0,125419
Oil Prices	150	-0,302800	0,760000	0,240800	0,409044
Stock Return	150	-0,503268	1,412979	0,118324	0,443627
Valid N	150				

Source: E-views 13 Output Result, 2023

Table 1 displays the output of descriptive statistical analysis on the variables under research focus. The results can be interpreted as follows:

1. The stock return has a mean value of 0.11832, with a maximum value of 1.4129, while the minimum value is -0.0503268. The standard deviation is 0.443, exceeding the mean, indicating a considerable variation in the sample data distribution of stock returns.
2. The Gross Domestic Product (GDP) has a maximum value of 0.0531 and a minimum value of -0.0207, attributed to the COVID-19 pandemic. The mean value is 0.0343, with a standard deviation of 0.0282. The mean is greater than the standard deviation, indicating that GDP has a small range of data disparity.
3. The exchange rate forecasted by the natural logarithm of the central exchange rate has a maximum value of 9.663389 in 2022 due to increased global uncertainty caused by the rise in the Fed's Reserve Rate. Meanwhile, the minimum value is 9.53916, recorded in 2019, when the Indonesian balance of payments improved, leading to the appreciation of the rupiah. The mean value is 9.580766, with a standard deviation of 0.043586, indicating that the exchange rate has a small range of data disparity or is less variable.
4. The DJIA index has a maximum value of 0.2234 and a minimum value of -0.00878. The mean value is 0.06782, with a standard deviation of 0.125419, indicating that the mean is smaller than the standard deviation. indicating a considerable variation in the sample data distribution of DJIA index
5. The world oil price has a minimum value of -0.30 in 2020 due to the decline in social and business activities following the implementation of lockdowns. The maximum value is 0.76 in 2021, attributed to the global economic recovery leading to an increase in oil demand. The mean value is 0.2408, and the standard deviation is 0.409, indicating that the world oil price has a fairly varied data distribution.

Panel Data Model Selection

Table 2. Chow Test

Effect Test	Statistic	d.f.	Prob.
Cross-section F	0,5545049	(29,116)	0,9695
Cross-section Chi-square	19,161632	29	0,9171

Source: E-views 13 Output Result, 2023

In this analysis, a chi-square probability of 0.9171 was obtained, which is greater than the significance level of 0.05, so that information can be obtained that H0 is accepted and H1 is rejected. Based on the Chow test, the most suitable model is the Common Effect Model (CEM). Consequently, further testing is not required, and the testing is sufficient up to the Chow test.

Classic Assumption Test

Multicollinearity Test

Table 3. Multicollinearity Test

	GDP (X1)	Exchange Rate (X2)	DJIA (X3)	WTI (X4)
GDP (X1)	1.000000	0.379173	-0.147731	0.571144
Exchange Rate (X2)	0.379173	1.000000	-0.778232	0.536296
DJIA (X3)	-0.147731	-0.778232	1.000000	-0.256249
WTI (X4)	0.571144	0.536296	-0.256249	1.000000

Source: E-views 13 Output Result, 2023

The findings of this study reveal that there are no multicollinearity issues among the independent variables used in this model. This can be observed from the correlation between each pair of independent variables, all of which are less than 0.08.

Heteroskedasticity Test

Table 4. Heteroskedasticity Test

	Value	df	Probability
Likelihood ratio	41.20924	30	0.0835

Source: E-views 13 Output Result, 2023

From the table, it can be seen that the LR test results have a probability value of 0.0835 > 0.05. This means there is no indication of heteroskedasticity in the research variables.

Panel Data Regression

Table 5. Common Effect Model

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-41.30834	14.42759	-2.863149	0.0048
GDP	-3.606638	1.480508	-2.436081	0.0161
Exchange Rate	4.323269	1.505437	2.871771	0.0047
DJIA	0.904604	0.454297	1.991214	0.0483
WTI	0.285705	0.113641	2.514101	0.0130
R-squared	0.158680			
Adjusted R-squared	0.135471			
F-statistic	6.837051			
Prob(F-statistic)	0.000045			

Source: E-views 13 Output Result, 2023

After testing the Common Effect Model, the equation formed as Panel Data Regression is as follows:

Returns = -41,3038 – 3,6066 GDP + 4,3232 ExchangeRate + 0,9046 DJIA + 0,2857WTI

1. The constant coefficient is -41.3038, indicating that the stock return will be -41.3038 when each variable (Gross Domestic Product, exchange rate, Dow Jones Industrial Average, and world oil price) has a constant value of 0.
2. The variable Gross Domestic Product (X1) has a regression coefficient of -3.6066. Under the assumption that all other independent variables remain constant, a one-unit increase in the GDP variable will result in a decrease in the stock return by 36,066%.
3. The variable Exchange Rate has a regression coefficient of 4.3232. With the assumption that all other independent variables are constant, a one-unit increase in the exchange rate variable will result in a 4,3232, or 43,23%, increase in the stock returns.
4. The DJIA Index variable (X3) has a regression coefficient of 0.9046. Assuming the other independent variables are constant, each one-unit increase in the DJIA Index variable will increase stock returns by 90,46%.
5. The world oil price variable (X4) has a regression coefficient of 0.28570. Assuming other independent variables are constant, every one-unit increase in the world oil price variable will increase stock returns by 28,57%.

The Coefficient of Determination Analysis

According to the data in Table 5, the adjusted R-squared value (R2) is 0.135, or 13,5%. This shows that 13,5% of the dependent variable, namely stock returns, can be explained by the four independent variables, namely GDP, Exchange rate, the DJIA index, and oil prices. The remaining 86,453% is influenced by other variables outside the variables studied.

Hypothesis Test (T-test)

The hypothesis test results (T-test) shown in Table 5 indicate that GDP has a negative effect on stock returns. Meanwhile, other variables, such as exchange rates, the DJIA index, and world oil prices, have a positive effect on stock returns.

DISCUSSION

The Effect of Gross Domestic Product on Stock Returns

Based on the hypothesis testing results, it is known that GDP has a significance of 0.0161, with p-value < α (0.0161 < 0.05) and t-value -2.436 < t-table -1.97646. Thus, H0 is rejected and H1 is accepted, which means that GDP has a negative influence on stock returns. This indicates that when GDP falls, it will potentially increase stock returns. On the other hand, an increase in GDP decreases stock returns.

This phenomenon can be explained by the observed trend from 2019 to 2020, where Indonesia's GDP growth experienced a decline of -2.07% compared to the previous year's growth rate of 5.02%. The decrease in economic activity was a direct result of the government's implementation of a lockdown to curb the transmission of the COVID-19 virus. This policy resulted in restrictions on community activities, which led to a decrease in domestic production and a decline in the level of public consumption. Meanwhile, in the same year, the stock performance of the IDXENERGY sector increased to -5% compared to the previous year, reaching -17.3%. The reason for this increase despite declining GDP growth is because the consumption level of energy commodities tends to stabilize or even increase. Despite the overall decline in economic output, the need for basic energy remains high, especially as a supporting factor for production activities. From 2000 to 2020, the level of energy consumption increased by 91%, reaching a final energy consumption level of 4.914.960 terajoules. Oil, coal, electricity, and natural gas are the most widely used types of energy. Thus, despite the decline in GDP, energy demand remains stable or even increases, which has a positive impact on the performance of companies in the IDXENERGY sector, ultimately leading to an increase in stock prices and stock returns. This research has been supported by Fadila et al., (2022); Hidayati & Rahardika, (2023), Azid et al. (2023), Endri et al., (2021), Kelikume & Muritala, (2019), Dewi & Artini, (2019), Hastuti et al., (2023), and Utami & Sulistyowati, (2022).

The Effect of Exchange Rate on Stock Returns

Based on the results of the partial test, it is known that the exchange rate has a significance of 0.0047 (0.0047 < 0.05) with a t-value of 2.8717 > t-table value of 1.97646. Therefore, exchange rates have a positive impact on stock returns. This indicates that if the value of the rupiah currency strengthens or appreciates against the dollar, it will increase stock returns. Conversely, if the value of the rupiah currency weakens against the dollar, it will decrease the stock returns obtained by investors**.**

The reason for this phenomenon is the perspective of investors, who believe that the appreciation of a country's currency indicates a better economic condition of the country. The appreciation of the exchange rate reflects the growth and attractiveness of investment activities. When the IDR experiences appreciation, investor interest tends to increase in participating in the capital market. On the other hand, investors consider the depreciation of the Rupiah currency as a potential economic risk. When currency devaluation occurs, investing in the stock market carries a higher risk as it has the potential to decrease investment value. Therefore, investors can exercise caution or reduce

their exposure to stocks during a currency devaluation situation. This is supported by data sourced from Katadata. Despite the strengthening of the rupiah by 2.9% in 2019, Indonesia's investment realization reached Rp809.6 trillion, an increase of 48,4%. The largest contribution came from foreign investors (PMA), amounting to Rp423.1 trillion, which is a 10% increase compared to the previous year (Katadata, 2020). This data indicates that the appreciation of the Rupiah currency in 2019 had a positive impact on investment attractiveness in Indonesia. The increase in investment realization, particularly from foreign investors, reflects the investors' confidence in the potential economic growth and profitable investment opportunities. Thus, the relationship between exchange rates, investor interest, and investment performance becomes a significant aspect in the context of the Indonesian capital market. This study is supported by previous studies conducted by Fadila et al., (2022), Ekadjaja & Rorlen, (2023), Ramadhan et al (2022), Khairiyah & Agustin, (2021), Waheed et al., (2018), Efriyenty (2020), and Saputri & Garnia, (2020).

The Effect of Dow Jones Industrial Average Index on Stock Returns

The hypothesis testing results indicate that the DJIA Index has a significance of 0.0483 (0.0483 < 0.05), with a calculated t-value of 1.9912 > the critical t-value of 1.97646. The results indicate that the DJIA Index has a positive influence on stock returns.

According to data from Fred Economic Data (2023), there was a significant increase in the annual closing price of the Dow Jones Index from 2019 to 2021, rising from Rp.28,536.44 to Rp.36,338,330, representing a 27.34% increase. On the other hand, stock returns have also experienced a significant increase from 2019 to 2021. Initially, the average return of -0.09063, or -9%, increased to 0.30086, or 30%. Furthermore, when examining the performance of IDX Energy stocks from 2019 to 2021, it also experienced a significant increase of 45.6%. This phenomenon is caused by Indonesia's economic dependence on the United States economy. The United States plays a crucial role as one of Indonesia's key trading partners, with numerous American multinational companies operating in Indonesia. The increase in the DJIA Index reflects the economic strength of the United States. When the DJIA index is improving, it indicates a stable global economy, which provides positive market sentiment for both local and foreign investors to invest in Indonesia.

The improvement of the US economy can also boost the demand for Indonesian products and services, which in turn can lead to an increase in Indonesian exports and higher income for companies in the energy sector. America is one of the top five countries in which Indonesia exports energy commodities, with a share of 4.5% in April 2022 (katadata.co.id, 2022). As the country with the highest energy consumption in the world, the United States is capable of consuming 19.78 million barrels per day, which is equivalent to 20.4% of the total global consumption in 2021. This is what makes America one of the destinations for exporting Indonesian oil commodities. The increase in the DJIA index can also bolster investor confidence in the Indonesian economy, thereby potentially enhancing foreign capital inflows into the country. The findings of this research are also consistent with the contagion effect theory, which describes

how the economic conditions of one country can impact other countries depending on the level of cooperation between them. This research was supported by Prayoga & Khairunnisa (2019), Ratnaningrum et al. (2022), Restuti & Tri Cahya (2023), Ridha & Harmaini (2019), Tahmat et al., (2022)

The Effect of World Oil Price on Stock Returns

The partial analysis results indicate that the world oil price is significant (0.013 < 0.05) with a t-value > t-table (2.514 > 1.97646). In other words, the world oil price has a positive impact on stock returns, as an increase in the world oil price is followed by an increase in stock returns. Conversely, the decrease in world oil prices will result in a decline in stock returns.

The correlation between stock returns and world oil prices can be seen in the 2019 data, where the world oil price fell by 16.13% compared to the previous year, from 65.23 USD/barrel to 68.13 USD/barrel. This was also accompanied by a decrease in the average return of IDX Energy stocks by -9.063% in 2019. Subsequently, from 2020 to 2022, there was a substantial increase in world oil prices, rising from 39.16 USD per barrel to 94.9 USD per barrel. The performance of IDXENERGY stock has experienced a significant increase of 100% in 2022, with the average return rising from 5,113% to 35,117%. This is due to the recovery of the global economy following the impact of global crises such as COVID-19 and the Russia-Ukraine conflict, resulting in an increased demand for energy commodities. According to the Energy Institute, global oil consumption reached 97.3 million barrels per day, representing a 3.1% increase compared to the previous year. Companies in the IDXENERGY sector are directly involved in the world crude oil commodity market, including coal production, oil & gas, and related services. The increase in demand will have an impact on the company's performance, as the revenue of the energy-producing and supplying company will increase, followed by an increase in stock prices and stock returns. The increase in stock prices also prompts investors to shift from non-energy stock investments to energy sector stocks, which are considered more profitable. This research was supported by Deane & Ismawati (2023), Fadila et al.(2022), Putra & N, (2022), Kelikume & Muritala (2019), Saragih et al. (2021), Singhal et al. (2019),Tanod et al. (2023), and Waheed et al. (2018).

CONCLUSIONS AND RECOMMENDATIONS

After conducting panel data processing and hypothesis testing on IDXENERGY sector companies listed on the Indonesia Stock Exchange (IDX) from 2018 to 2022, the research findings can be summarized as follows:

1. The Gross Domestic Product has a negative effect on stock returns.
2. The Exchange Rate has a positive effect on Stock Returns.
3. The Dow Jones Industrial Average Index has a positive effect on Stock Returns.
4. The World Oil Price has a positive effect on Stock Returns.

This conclusion is consistent with previous research findings that indicate macroeconomic variables and global factors have a significant impact on stock returns.

Practically, these findings can serve as a guide for investors and decision-makers in the Indonesian capital market by considering the macroeconomic

conditions in Indonesia, such as Gross Domestic Product and exchange rates, as well as global factors like the DJIA Index and world oil prices, which have an impact on stock returns. Additionally, the company is expected to strategically enhance its financial and stock performance. One way is through the utilization of technological innovations to maximize production efficiency to anticipate the increasing demand for energy commodities and develop renewable technologies that can create environmentally friendly energy solutions and enhance competitiveness in the global market. The government is also expected to be able to produce various monetary policies that can stabilize the value of the rupiah against foreign currencies, enhance the purchasing power of society, increase oil consumption, and boost investor participation in the Indonesian capital market, particularly in stock investments.

ADVANCED RESEARCH

Important to note that the results of this study are contextual, dependent on the data and methodology used, and may be influenced by other factors not included in the analysis. The findings of this study cannot be generalized to other sectors or capital markets outside of Indonesia.

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