



Effect of Interest Rate and Exchange Exchange on Stock Return in the Manufacturing Company Period 2015 - 2021

Krisnaldy

Universitas Pamulang

Corresponding Author: Krisnaldy dosen01890@unpam.ac.id

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ABSTRACT

This study aims to determine the partial effect of Interest Rate on stock returns in Manufacturing companies for the 2015 - 2021 period, to determine the partial effect of Interest Rate on stock returns in manufacturing companies for the 2015 - 2021 period, to determine the partial effect of Interest Rate on stock returns in manufacturing companies for the period 2015 - 2021 and to determine the simultaneous effect of interest rates and exchange rates on stock returns in manufacturing companies for the period 2015 - 2021. The research method used in this research is multiple linear regression analysis. The data used in this study uses secondary data obtained from financial reports and data from Bank Indonesia. The selection of samples in this study are companies that are listed on the IDX from 2021 to 2021 which are included in the company. The results of the study stated that the variables partially had no effect on stock returns while the interest rate and exchange rates had a partial effect on stock returns. Simultaneously variables, Interest Rates, and exchange rates have a significant influence on stock returns. Based on the results of the coefficient of determination that the variable, Interest Rate and exchange rates have the greatest influence Interest Rate and exchange rates have a significant influence on stock returns. Based on the results of the coefficient of determination that the variable, Interest Rate and exchange rates have the greatest influence Interest Rate and exchange rates have a significant influence on stock returns

INTRODUCTION

The improvement of this investment has been so speedy, specifically in the financial market in Indonesia. this is indicated with the aid of the increasing variety of groups which have gone to the community. essentially, investment is an pastime that continues to vicinity price range within the wish of acquiring additional earnings. In general, monetary investment is split into components, capital marketplace, and money market. This distribution is above the financial instruments or securities traded" (Sinaga, 2006: 13).

"buyers have many alternatives in investing finances in the capital market and cash market. but, in making investment decisions, traders recollect the elements that affect the charge of return on their funding in the destiny, that investment selections must be made based on cautious evaluation and calculations. international assets and the capital market have an interrelated courting because investors could make selections to perform their investment activities inside the form of stocks/bonds. these adjustments rely upon returns, and the dangers borne by the investor. Capital market turmoil reflects changes in investor behavior in making an investment top, et al, 2006: 2)".

The purpose of a supervisor is to maximize the value of his company's stocks. This price is measured within the cash drift so that it will generate the organisation within the destiny (Brigham and Houston 2010: 83). economic ratios as an instrument for studying enterprise performance that explain numerous relationships and monetary signs, that are meant to show adjustments in financial situations or beyond working overall performance and help describe trends in converting patterns, to then show the dangers and possibilities inherent inside the company involved. This indicates that the evaluation of monetary ratios, even though based totally on past statistics and situations, is supposed to assess dangers and opportunities within the destiny (Apriliana, 2008:2).

"Hardiningsih's observe, et al (2001), showed that the alternate fee/US dollar had a negative impact on stock returns, at the same time as Nurdin's studies (1999) confirmed that the exchange fee/US dollar had no effect on stock investment danger (Meta, 2006: 2). based totally at the effects of Purwiani's studies (2007) in Ali Sadikin (2011: 24) regarding the effect of change rate chance and hobby price danger have a significant effect on inventory returns. in which marketplace risk and rupiah trade fee threat have a huge effect on stock returns in a wonderful course, at the same time as interest charge chance has an impact on stock returns but in a bad course. Bilson, Brailsford, and Hooper (2001) use excessive market price and numerous unique macroeconomics to explain inventory returns. The outcomes of this take a look at suggest that product expenses and truth have a limited potential to provide an explanation for versions in returns. meanwhile, the deliver of cash, alternate rates, and market returns grow to be very extensive in explaining returns. Wongbangpo and Sharma (2002) examined the relationship among stock costs and numerous macroeconomic elements in 5 ASEAN nations (Indonesia, Malaysia, Philippines, Singapore, and Thailand). The consequences of this study nation that inventory expenses inside the long time have a superb dating with output boom in the long time. in the brief run, stock costs are found as a feature of beyond and modern-

day macroeconomic values. Lestari (2005) also conducted a macroeconomic study pointing out that the macroeconomic variables on inventory returns were no longer significantly affected. but, via the use of the Granger causality version, the results of his research display that these macro variables have an effect on stock returns".

In studying economic overall performance there are quite a variety of them together with go back on property, total asset turnover, and others. "return On assets (ROA) is a profitability ratio that suggests the evaluation among earnings (before tax) and general financial institution belongings, this ratio suggests the extent of performance of asset management executed by the bank worried" (Riyadi, 2003: 137). monetary performance that may have an effect on other stock returns is total asset turnover, overall asset turnover indicates how correctly the organization makes use of all of its belongings to boom income price and boom income (Sartono, 2001: 122). A high TATO ratio value indicates the more efficient a organisation is in making use of its assets and suggests the extra the income it generates. A excessive TATO cost will reduce investor uncertainty in making an investment their finances. From high sales, it is predicted to generate excessive returns as nicely.

"some other monetary fulfillment is profits in keeping with percentage, income per proportion (EPS) is the ratio among earnings (in this case internet earnings after tax) and the employer's wide variety of stocks. For buyers, EPS data is taken into consideration the most fundamental and beneficial records, because it can describe the destiny profits potentialities of the enterprise (Tandelin, 2001). (EPS) suggests the level of income earned for every proportion. The greater the EPS, the more the income acquired by way of shareholders, it suggests the higher the operational circumstance of the business enterprise (Darmadji and Fakhruddin, 2006:195).

based on the explanation defined above, the authors are interested by accomplishing research with the identify "impact of interest costs (SBI) and trade rates on inventory Returns in manufacturing organizations for the duration of 2015 - 2021".

LITERATURE REVIEW

Manufacturing is the marketplace capitalization value of the 45 most liquid shares and has a massive capitalization value, it's far a trademark of liquidation, using forty five stocks selected primarily based on stock buying and selling liquidity and adjusted each six months (www.idx.co.id/identification).

Manufacturing's goal is to supplement the JCI and specially to offer an objective and dependable tool for monetary analysts, funding managers, traders, and different capital market observers in monitoring charge movements of actively traded shares. for this reason the stocks contained therein will usually exchange. a number of the choice standards to decide whether an provider can be covered in the production calculation are:

1. The first criterion is:
 - a. Being within the pinnacle 95% of the whole average annual inventory transaction value in the everyday market.
 - b. Be inside the top 90 % of the annual common market capitalization.
2. The second is:
 - a. Is the highest order representing the sector in the JSX industry classification according to its market capitalization value.
 - b. Is the highest order based on the frequency of transactions (Tjiptono, 2001:95-96).

Production most effective includes 45 stocks that have been decided on through various choice criteria, so they will include shares with excessive liquidity and marketplace capitalization. production stocks must meet the subsequent criteria and pass the principle choice:

1. Entered within the top 60 of general stock transactions inside the normal marketplace (average transaction price over the past 365 days).
2. Ranking via marketplace cap (common market cap over the last twelve months).
3. Has been indexed on the BEJ for at the least three months
4. The economic nation of the enterprise and its increase prospects, the frequency and wide variety of trading days of everyday market transactions.

The stocks protected in manufacturing are continuously monitored and a evaluation can be held every six months (early February and August). If there are stocks that do not meet the criteria, they'll be replaced with other shares that meet the necessities. the selection of MANUFAKTUR stocks need to be reasonable, consequently the JSX has an advisory committee which include experts at BAPEPAM, Universities and specialists within the capital market region (www.idx.co.id).

METHODOLOGY

The items on this observe are production agencies listed on the Indonesian inventory trade (IDX). The approach used on this research is the case observe approach which is one of the descriptive research, with this observe it's far was hoping that it may reveal in depth the variables so one can be capable of describe the analysis, exchange price and hobby rate of bank Indonesia (SBI) on stock returns.

The information used in this take a look at, each for the purpose of describing and for studying, had been acquired from secondary data which might be quantitative in nature. Secondary information is facts whose statistics is acquired circuitously from the organization. in the meantime, according to Kuncoro (2011: 31), secondary records is a source of studies statistics obtained by means of researchers in a roundabout way via intermediaries (received and recorded by using different parties). these secondary information are within the form of financial file ratios from agency financial reviews that have been audited at the Indonesia inventory trade (IDX) as of December 31, 2021 - 2021.

The pattern became used with the purposive sampling technique. The purposive sampling technique is a pattern taken based on sure standards to acquire a pattern this is according with the research goals (Yama and Adityawati, 2009:287). The pattern in this study changed into decided based on numerous standards or considerations as follows: 1) businesses which have been indexed on the Indonesia stock change inside the duration 2010 to 2014, 2) corporations submit audited financial statements the use of the monetary 12 months finishing December 31, three) manufacturing companies indexed on the Indonesia stock trade

Information collection strategies the usage of economic announcement analysis. The samples used as studies items had been 17 manufacturing agencies indexed on the IDX.

RESULT AND DISCUSSION

Results of Analysis and Discussion

1. Results of Multiple Linear Regression Coefficient Analysis

a. Determination Coefficient Results

Table 1. Coefficient Results
 Determination (Adjusted R2)

Model Summary ^a					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.647 ^a	.419	.397	.62352	1.792

a. Predictors: (Constant), KURS, EPS, SBI
 b. Dependent Variable: RS

Based totally at the desk above, it's miles known that the Adjusted R rectangular cost is zero.397 (39.7%). This indicates that using the regression version is received where the unbiased variables, particularly, hobby charge and alternate prices have a power on the stock go back variable of 39.7%. even as the closing 60.three% is defined through different elements or variables that aren't known and are not blanketed on this regression analysis, inclusive of go back on assets, debt to equity ratio and others..

b. Coefficient Results of Multiple Linear Regression Equations

Multiple linear regression analysis is a test used to determine how much the extent of have an impact on between the impartial variables (interest fees and trade charges) at the established variable (inventory returns). The effects of more than one linear regression, the impact of interest rates and trade fees on stock returns are as follows:

Table 2. Coefficient Results of Multiple Linear Regression Equations

Model		Coefficients ^a		
		Unstandardized Coefficients		Standardized Coefficients
		B	Std. Error	Beta
1	(Constant)	28.210	3.672	
	EPS	7.405E-005	.000	.068
	SBI	-.751	.103	-1.732
	KURS	-.003	.000	-1.799

a. Dependent Variable: RS

The table above can be formulated a regression equation to determine the effect of interest rates and exchange rates on stock returns as follows:

$$Y = a + bx_1 + bx_2 + bx_3 + bx_4$$

$$Y = 28.210 + 7.40 X_1 + 0.751 X_2 + 0.003 X_3$$

Information:

Y: Stock Returns

X1 :

X2 : Interest Rate(SBI)

X3: EXCHANGE EXCHANGE

The coefficients of the multiple linear regression equation above may be interpreted as a regression coefficient for a constant of 28.210 indicating that if the variable, hobby charge, and change rate is zero then the stock return cost is 28.210 units. word that different variables are considered steady. The variable 7.forty indicates that if the variable increases via 1 unit, it will boom the stock go back by using 7.forty gadgets. The SBI variable of 0.751 indicates that if the SBI variable will increase by using 1 unit, it'll growth stock returns via zero.751 devices. The KURS variable of zero.003 indicates that if the KURS variable increases with the aid of 1 unit, it's going to growth inventory returns via 0.003 gadgets, supplied that other variables are held steady.

2. Hypothesis Test Results

a. Statistical Test Results F (Simultaneous)

The F take a look at changed into executed to look the effect of the variable, interest fee, and the general exchange rate at the inventory go back variable. Following are the simultaneous test consequences, the ANOVA check results are received as follows:

Table 3. Statistical Test Results F (Simultaneous)

Model		ANOVA ^a				
		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	22.686	3	7.562	19.451	.000 ^b
	Residual	31.491	81	.389		
	Total	54.176	84			

a. Dependent Variable: RS
b. Predictors: (Constant), KURS, EPS, SBI

From the statistics above, a tremendous price of 0.000 is obtained, because of this that provision wide variety two applies in this take a look at, that Ho is rejected and Ha is conventional. The effects of this F check country that the simultaneous check results above are genuine.

On this look at, the Fcount cost was 19.451 which turned into more than the Ftable cost of two.66. it could be concluded that there may be a linear have an impact on between the impartial variables and the structured variable..

b. T-test Results (Partial Test)

Table 4. T-Test Results (Partial Test)

Model		Coefficients ^a			t	Sig.
		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta		
1	(Constant)	28.210	3.672		7.683	.000
	EPS	7.405E-005	.000	.068	.804	.424
	SBI	-.751	.103	-1.732	-7.276	.000
	KURS	-.003	.000	-1.799	-7.560	.000

a. Dependent Variable: RS

Based on the results of the t-test, it can be seen that the independent variables (Interest Rate and exchange rate) have a partial effect on stock returns. While the variable has no effect on stock returns.

Manufacturing is the marketplace capitalization cost of the 45 most liquid stocks and has a big capitalization fee, it's miles a trademark of liquidation, the use of forty five shares decided on based on inventory trading liquidity and changed each six months (www.idx.co.id).

Production's goal is to supplement the JCI and particularly to provide an objective and dependable device for monetary analysts, funding managers, investors, and different capital marketplace observers in tracking rate moves of actively traded shares. Hence the shares contained therein will constantly exchange. Some of the choice criteria to determine whether an provider can be blanketed in the production calculation are:

- a. Being in the pinnacle ninety five% of the overall average annual stock transaction fee in the everyday market.
- b. Be inside the pinnacle 90 % of the once a year average market capitalization.
- c. Four. the second is:
- d. Is the highest order representing the arena within the JSX industry category in step with its market capitalization value.
- e. Is the very best order based totally at the frequency of transactions (Tjiptono, 2001: ninety five-ninety six).

Production most effective consists of forty five shares that have been selected through numerous selection standards, so they'll consist of stocks with excessive liquidity and market capitalization. Manufacturing shares should meet the following criteria and pass the primary choice:

1. Entered inside the top 60 of general stock transactions inside the normal market (average transaction cost during the last three hundred and sixty five days).
2. Rating with the aid of market cap (average marketplace cap over the last twelve months)
3. Three. Has been listed on the BEJ for at least three months
4. The economic kingdom of the organisation and its boom potentialities, the frequency and quantity of buying and selling days of normal market transactions.

The shares covered in production are constantly monitored and a review may be held every six months (early February and August). If there are shares that do not meet the criteria, they will be replaced with different shares that meet the necessities. The choice of MANUFAKTUR shares need to be reasonable, consequently the JSX has an advisory committee which includes professionals at BAPEPAM, Universities and specialists in the capital marketplace quarter (www.idx.co.id).

**1. Results of Multiple Linear Regression Coefficient Analysis
Determination Coefficient Results**

Table 5. Coefficient Results
Determination (Adjusted R2)

Model Summary ^a					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.647 ^a	.419	.397	.62352	1.792
a. Predictors: (Constant), KURS, EPS, SBI					
b. Dependent Variable: RS					

Based on the table above, it is known that the Adjusted R square value is 0.397 (39.7%). This shows that using the regression model is obtained where the independent variables, namely, Interest Rate and exchange rates have an influence on the stock return variable of 39.7%. While the remaining 60.3% is explained by other factors or variables that are not known and are not included in this regression analysis, such as return on assets, debt to equity ratio and others.

Coefficient Results of Multiple Linear Regression Equations

Multiple linear regression analysis is a test used to determine how much the level of influence between the independent variables (interest rates and exchange rates) on the dependent variable (stock returns). The results of multiple linear regression, the effect of interest rates and exchange rates on stock returns are as follows

Table 6. Coefficient Results of Multiple Linear Regression Equations

Model		Coefficients ^a		
		Unstandardized Coefficients		Standardized Coefficients
		B	Std. Error	Beta
1	(Constant)	28.210	3.672	
	EPS	7.405E-005	.000	.068
	SBI	-.751	.103	-1.732
	KURS	-.003	.000	-1.799

a. Dependent Variable: RS

The table above can be formulated a regression equation to determine the effect of interest rates and exchange rates on stock returns as follows:

$$Y = a + bx_1 + bx_2 + bx_3 + bx_4$$

$$Y = 28.210 + 7.40 X_1 + 0.751 X_2 + 0.003 X_3$$

Information:

Y: Stock Returns

X1 :

X2 : Interest Rate(SBI)

X3: EXCHANGE EXCHANGE

The coefficients of the multiple linear regression equation above can be interpreted as a regression coefficient for a constant of 28.210 indicating that if the variable, Interest Rate, and exchange rate is zero then the stock return value is 28.210 units. Note that other variables are considered constant. The variable 7.40 indicates that if the variable increases by 1 unit, it will increase the stock return by 7.40 units. The SBI variable of 0.751 indicates that if the SBI variable increases by 1 unit, it will increase stock returns by 0.751 units. The KURS variable of 0.003 indicates that if the KURS variable increases by 1 unit, it will increase stock returns by 0.003 units, provided that other variables are held constant.

CONCLUSIONS AND RECOMMENDATIONS

Conclusion

Based on the results of an analysis of the influence of interest rates and exchange rates on stock returns. Based on the results of the regression test, several conclusions can be drawn:

1. The results of the t-test state that the Interest Rate variable partially has an influence on stock returns.
2. The results of the t-test state that the exchange rate variable partially has an influence on stock returns.
3. The results of the F test state that the variables, Interest Rate, and exchange rates simultaneously have an influence on stock returns.

Recommendations

Based totally on the effects and analysis that has been finished by way of the researcher, this studies nonetheless has many shortcomings and weaknesses, so there are still many things that need to be stepped forward and considered once more for further research, a few recommendations want to be introduced for even better research, the hints are as follows:

1. the use of all companies listed on the Indonesia stock exchange as research samples as a way to reflect the real marketplace situations that arise at the Indonesia stock alternate.
2. make bigger the period (time) of the have a look at with a purpose to growth the quantity of facts, so you gets more ordinary data effects.
3. three. including different variables that could affect inventory returns so that it could grow to be a research region.
4. looking for theories that are relevant to the cutting-edge state of affairs.

FURTHER STUDY

According to Karl and honest (2001: 635), hobby charge is the yearly interest charge on a mortgage, within the form of a percent of the mortgage obtained from the quantity of interest obtained every 12 months divided by way of the loan amount. hobby charge is the fee of the loan. interest price is expressed as a percentage of the primary according to unit of time. hobby is a degree of the charge of resources utilized by borrowers that must be paid to creditors (Sunariyah, 2004: eighty).

According to Prasetiantono (2000: 97) regarding the interest rate, if the hobby rate is high, human beings will mechanically favor to save their price range in a bank because they could count on a profitable return. And in this role, humans's call for to maintain cash is lower due to the fact they're busy allocating it to the banking portfolio (deposits and savings). at the side of the reduced cash supply, the desire to spend additionally decreased. furthermore, the charge of preferred items and offerings will have a tendency to be stagnant, or there can be no inflationary stimulus. Conversely, if the interest rate is low, people have a tendency to be no longer interested in saving their money inside the financial institution.

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