

ABSTRACT

The share price of outstanding stock market illustrates the value of the company. For investors value the company must comply with the company's performance during the year. To determine the suitability of stock prices to corporate performance, investors may be measured by the ratio of return on equity and Debt to Equity Ratio. ROE and DER used as a benchmark to measure a company's stock price because ROE is a ratio that measures a company's ability to produce profits through capital owned. While DER ratio is a ratio that measures the rate of return that can be provided by the company's capital to the debt owned.

The purpose of this study is to determine the effect of ROE and DER on stock prices of companies sub-sector of transport registered in Indonesia Stock Exchange for the period 2012-2015. Samples are obtain by purposive sampling. The method used in this research is method descriptive statistical analysis to assess the independent variable on the dependent variable. This study also use panel data regression analysis to examine the financial performance is considered an effect on the share price.

The results of the study suggest that the simultaneous ROE da DER effect on stock prices. The magnitude of the coefficient of determination (adjusted R-squared) is equal to 0.6377, all independent variables can explain the variation of the dependent variables of 66.77%. Partial test results showed that ROE positive effect on stock prices, while the variable DER has a negative effect on stock prices.

Keywords: ROE, DER, and Stock Price.