

ABSTRACT

The financial industry have an important role for the economic progress of the country, the country that has a good economy will attract investors to invest. The LQ 45 Index is one of the indices the IDX that consist of companies that are categorized as having high liquidity. Along with the current level of economic development, companies are required to maintain high liquidity of stocks and provide optimal stock returns.

This research for determine whether there is influence of bid-ask spread on stock returns on the LQ 45 index in the IDX Period 2012-2016 significantly. The independent variable is bid-ask spread while the dependent variable is stock returns. This research taking of population to index stock LQ 45 in IDX period 2012-2016 with 79 companies, and type of this research is purposive sampling with 24 companies as a sample. The analytical method used in this research is quantitative descriptive statistics, data analysis technique is done by panel data regression analysis using random effect and hypothesis by using t test.

The results showed a significant bid-ask spread, as the measure of liquidity. Was a positive effect on stock returns, which is consistent with the existing theory Amihud and Mendelson (1986)

Keywords: Bid-Ask Spread; Stock Returns