ABSTRACT

The advantage for investors who own shares is getting a return. One factor affecting stock returns is the performance of macroeconomic variables consisting of GDP (Consumption, Investment, Government Expenditures, Exports and Imports); inflation; interest rate; unemployment rate; exchange rate; the money supply; and CSPI. This study aims to determine the effect of these eleven variables on SOE stock returns listed on the IDX BUMN20 index on the Indonesia Stock Exchange in the period 2008-2019. Companies that are the object of research are BNI, BRI, Bank Mandiri, and Telkom. Principal Component Analysis (PCA) is a method used to reduce variables to fewer linear combinations, but absorbs most of the number of initial data variants. Inflation and exchange rates have a low correlation, so they are eliminated from research. The PCA results form three main components of the reduction of nine variables. Regression analysis was conducted to examine the effect of these three factors on stock returns. The results of the regeneration of the main components indicate that the first factor does not significantly influence stock returns. The second and third factors have a significant negative effect on stock returns. The first factor is called monetary factor, the second factor is called GDP factor, and the third factor is called investment factor. Monetary factors, GDP factors, and investment factors need to be a consideration for investors in determining investment decisions. These three factors must also be a concern of the government in managing SOEs.

Keywords ***:*** *Principal Component Analysis; Stock Returns; and Macroeconomic Variables*