

ABSTRACT

In 2020, Indonesia and the global world will be affected by COVID-19. Covid-19 has changed aspects of life such as doing business, gathering, working and so on. One of the other things that was felt during the Covid-19 period was the increase in volatility on the Indonesian stock exchange. Quoting from the Indonesian stock exchange, there has been a drastic decrease and increase in trading volume in the 2019-2020 range. That is, there was a decrease in trading volume by around 66.5% in 2018 to 2019. And there was an increase of 224% from 2019 to 2020. Then if you look at the average, trading every stock day in Indonesia in the 2014-2020 range, the value is 9.5 billion trades. every day, and uniquely about 18.3% trade on the LQ45 index. On the other hand, there was an increase in stock exchange investors in Indonesia by 56 percent throughout 2020. In terms of stock returns, the JCI experienced a significant decline due to Covid-19, precisely in March 2020, which was a significant decline of 37.82%. Then if you look at the return on the LQ45 index, with the 2011-2021 term, you get a return of 52.79%. Of course, this shows that in the long term the LQ45 index has a pretty good return potential.

Therefore, this study aims to examine the effect of financial ratios (EPS, DER, ROE) and economic factors (inflation, economic growth rate, and unemployment rate) as independent variables on stock returns as dependent variable. Data collection in this research is based on secondary data. retrieval technique sample through purposive sampling method. While analysis carried out with multiple regression analysis techniques and regression test residuals.

The results of the regression analysis showed that the variable ROE and economic growth have a positive and significant effect on stock returns. The result of LQ45 coefficient is 0.86275. Then the ROE coefficient is 0.103319 and economic growth is 3.8721257. Then the results obtained in the form of an integrated design proposal, namely man, information, and material. The proposed man component is an estimate of the investment manager's qualifications and investor, the information component is a company proposal design based on asymmetric

information, and the machine component is a tangible asset allocation range for LQ45 companies.

The benefits of this research are, for further researchers it can be an illustration of research and the author suggests for further research, namely to use other variables or add them so that relationships can be found between related variables on stock returns. The benefit for investors is that investing in the LQ45 index can consider factors from the issuer's ROE value and Indonesia's economic growth. The ROE and economic growth variables show a significant effect on the value of stock returns, so they can be considered by investors in determining their investment. The benefit for companies in LQ45 is that they are advised to maintain their financial level by increasing ROE and considering economic growth. This is because this variable has a positive influence on the value of stock returns. Companies in LQ45, in general, can consider the factors in the proposed integrated component in order to increase their stock returns, the proposed integrated component consists of the man component, it is expected that the company has investment managers who have the qualifications as proposed. In the information component, companies are expected to understand and utilize information conditions based on information asymmetric theory and signaling theory. In the machine component, it is expected that the company can manage the company's tangible assets well and can consider the proposed range of research tangible asset allocations as a reference in owning tangible assets.

Keywords: panel regression, return, lq45, financial ratios, macroeconomics