



TITLE:

**ANALYSIS OF FACTORS AFFECTING STOCK PRICE IN
PHARMACEUTICAL COMPANIES LISTED ON THE
INDONESIA STOCK EXCHANGE (IDX)**

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FEBRUARY 2023



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I, **Vinaya Puella Yunianto**, hereby declare that the research project is based on my original work except for quotations and citations which have been duly acknowledged. I also declare that it has not been previously or concurrently submitted for any other degree at MSU or other institution.

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ACKNOWLEDGEMENT

Completing this research project for Bachelor of Finance is truly a rollercoaster, and I would not have been able to complete this journey without the aid and support of countless people who in one way or another contributed and extended their valuable assistance. First of all, I would like to thank God for His enduring grace by letting me through all the difficulties. I have experiences His guidance day by day. A special feeling of gratitude to my beloved parents, Mustika Dewi Sakuntala and Harry Yuniato whose words of encouragement ring in my ears and gave me strength when I thought of giving up. Accomplishing this would hopefully make them proud of me as much as I am proud of having them as my parents. And my sister, Mutiara Prameswari Yuniato have never left my side and is very special.

I would like to acknowledge and give my warmest thanks to my research project lecturer, Madam Aza Azlina Md Kassim who made this work possible. Her guidance and advice carried me through all the stages of my research project. I would also like to thank my supervisor, Madam Nurhidayah Binti shamsudin, all her support and guidance throughout the project has been invaluable.

I would like to express my heartfelt grateful to my supportive partner, Billy Bryan Maliki, who have been my source of inspiration, thank you for all the things you have done for me. And his family members who have supported me throughout the process. Lastly, special thanks to my friends as a whole for their continuous support, especially Athaya, Chela, Khofifah, Nawira, Nendya, Safira, and Syifa for their encouragement, presence and constant guidance for me. I will always appreciate what all they have done.



ANALYSIS OF FACTORS AFFECTING STOCK PRICE IN PHARMACEUTICAL COMPANIES LISTED ON THE INDONESIA STOCK EXCHANGE (IDX)

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ABSTRACT

Capital market is a way of investment that used by investors to take part in business share ownership of a company. Stock price is one of the aspects that investors consider when deciding whether or not to invest in a capital market. The price of stock is not constant, rather, it changes in response to market circumstances that affected by many factors such as micro and macro factors through the company's value directly or indirectly. The purpose of this study is to determine the macroeconomic factors (exchange rate, inflation, bank interest rate, and gross domestic product) and trade volume on stock price. Specifically, this study aims to investigate the effect of macroeconomic and trade volume on stock price in pharmaceutical companies. As for methodology, the data collection concluded are 9 companies in pharmaceutical sector listed on Indonesia Stock Exchange in the period of 2019-2021 who represented the population by using purposive sampling technique. The data analysis used are descriptive statistic and multiple linear regression analysis. This study was analyzed using SPSS for applying the analysis. The findings revealed that exchange rate and GDP had significant impact on stock price, while inflation, BI rate, and trade volume all had insignificant impact on stock price in pharmaceutical companies. This research also includes a discussion, limitations, recommendations, and conclusions.

Keywords: exchange rate, inflation, bank interest rate, gross domestic product, trade volume

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CHAPTER 1

INTRODUCTION

1.1 Background

In this era of increased global connection, almost every country pays close attention to the financial sector since it is crucial to supporting a country's economic stability. Individuals looking to invest in the ownership of shares in a firm use the financial market as a way of doing so. Investing constitutes an integral component of the capital market's purpose (Adawiyah & Setiyawati, 2019). The nation's economy is mostly fueled by the capital markets, which encourage capital development and support economic growth (Board of Investment Coordination in Indonesia, 2018). The capital market is become trendy in Indonesia for investors to invest their money on stocks to generate their income and maximize their wealth that will be conclude through profit that is gained from an investment on stock in a specific time period that can be used as a main consideration in evaluating the best chance of investments.

Otherwise, companies that offering shares to the public can take advantage of the capital market to uplift capital to fund expansion without earning more debt. The capital market can be an instrument for measuring the success of the organization through mirroring the fiscal achievements of the firm. The most crucial thing is to achieve maximum profit which is a company's ultimate goal (Ahmad & Muslim, 2018). Profit is the main objective of all company that is doing a business that go public thus it will affect the enterprise value, which is represented in the price of shares.



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There are a variety of fundamental elements that relate to the market and have an impact on stock price. Due to a number of factors that can influence stock values, the stock price can both rise and fall, making it impossible to predict with precision. The value of stocks can be influenced by various elements, encompassing both micro and macro factors, thereby directly or indirectly impacting the company's overall worth. Observing the stock price within the pharmaceuticals companies listed on the IDX, it becomes evident that the pharmaceuticals sector has experienced substantial growth in stock price over a consecutive span of three years, commencing from 2019 (Indonesia Stock Exchange, 2021) in terms of the value of the entire domestic pharmaceutical recorded higher than Malaysia and Singapore which has been primarily caused by several factors including currency exchange rate, price level, bank lending rate, GDP, and trade volume in the healthcare sector. Government regulations and health assistance programmes from international organisations have both made a major contribution to the growth of the pharmaceutical industry, causing it to reach a value of Rp37 trillion in Indonesia (kemenprin.go.id).

Understanding and predicting future macroeconomic conditions will greatly aid investors in making profitable investment choices. Investors should also looked out to numerous macroeconomic indices which can help investors understand and forecast the current situation of macroeconomic (Additya et al., 2018).

This research bases its usage of external factors those originating from outside the company on the elements that influence stock price, such as market exchange rates, inflation, bank interest rates, GDP, and trade volume in the healthcare industry. The company has limited control over external factors, as they



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cannot be altered. Instead, the company can adapt and respond accordingly to these external factors by making necessary adjustments and taking appropriate measures.

1.2 Problem Statement

Investors can purchase shares of an organization from the financial market as a form of investment. Companies seeking funds to issue securities can do so on the capital market, where buyers can also buy and sell securities (Adawiyah & Setiyawati, 2019). The stock price denotes the monetary value assigned to a single unit of marketable equity shares issued by publicly traded company. The price of stock is not constant, rather, it changes in response to market circumstances.

A survey by Kontan indicates that stock price in pharmaceutical sector is decreasing. The statistical shows that the majority of pharmaceutical stocks on the stock exchange declined between 1.22% and 29.5%. The deepest decline was experienced by PT Phapros Tbk (PEHA) to Rp 1,195 per share. After that, PT Indofarma Tbk (INAF) which was depressed by 20.8% ytd to Rp 3,190 per share and PT Kimia Farma Tbk (KAEF) which decreased by 19.76% ytd to Rp 3,410 per share. This is because in 2020, these pharmaceutical stocks had increased quite significantly to hundreds of percent with a range of 50%-400% such as INAF, KAEF, KLBF, and PEHA.

According to Badan Pusat Statistik (BPS), the gross domestic product (GDP) from the chemical, pharmaceutical, and traditional medicine industries was Rp58.08 trillion in the third quarter of 2022. This amount was adjusted by 3.50% as compared to the previous year's period (year on year), which was Rp60.19 trillion. This adjustment occurred after the chemical, pharmaceutical, and



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traditional medicine companies performed well during the covid-19 pandemic. This is because there was a huge public demand for products from this industry during the pandemic.

The health-care sector is a strong sector because it provides the main needs of the community. Health and pharmaceutical sector issuers are properly able to record consistent performance over time.

Stock price is affected by macroeconomics variable and the two variables that are known to affect equity markets the most are gross domestic product and inflation (Setiawan, 2020). The prospects for the health sector are also impacted by the ongoing economic growth, which has an impact on health-related products and services (Centers for Medicare & Medicaid Services, 2023).

Macroeconomic factors affect the entire economy or all the sectors, including capital market. The currency exchange rate constitutes one of the influencing factors that might have an impact on stock market activity since investors will be more careful to do an investment. To safeguard macroeconomic stability, the funding of the government's budget must be viable and inflation-free (Dang, Le, Nguyen, & Tran, 2020).

The establishment of macroeconomic stability relies not only on effective macroeconomic management but also on the structure of critical markets and sectors. Companies must adopt and implement measures to ensure the efficient functioning of these markets and sectors to support macroeconomic policy in order to increase the macroeconomic stability. Without macroeconomic policy, the function of these markets and sectors would operate less effectively. In cases where macroeconomic imbalances are severe, there will normally be some room



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for flexibility when setting temporary macroeconomic targets. However, the aim of macroeconomic stability should not be compromised. (Lyulyov, et al., 2020).

Many researchers have studied the variables influencing shares of companies trading on the Indonesia Stock Exchange (IDX). Several researchers have identified various factors, including both internal and external elements, that influence these share price (Perdana and Adriana, 2018; Antono, Jaharadak, and Khatibi, 2019). Drawing from the existing problem and prior research, the goal of this research is to investigate how certain factors affect stock price. In addition, regionality has been included in several studies in stock price of mining sector (Antono, Jaharadak, & Khatibi, 2019), stock price of banking institutions (Perdana & Adriana, 2018). Therefore, this research will focus on the pharmaceutical sub-sector companies. Then this research was conducted to examines how share price are impacted by macroeconomic factors.

1.3 Research Objective

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The research objective of this study as follow:

1. To determine the effect of exchange rate on stock price
2. To determine the effect of inflation on stock price
3. To determine the effect of bank interest rate on stock price
4. To determine the effect of gross domestic product on stock price
5. To determine the effect of trade volume on stock price

1.4 Research Question

The research question of this study as follow:



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1. Does exchange rate affecting stock price in pharmaceutical companies listed on IDX?
2. Does inflation affecting stock price in pharmaceutical companies listed on IDX?
3. Does bank interest rate affecting stock price in pharmaceutical companies listed on IDX?
4. Does gross domestic product affecting stock price in pharmaceutical companies listed on IDX?
5. Does trade volume affecting stock price in pharmaceutical companies listed on IDX?

1.5 Scope of Study

This study primarily focuses on macroeconomic factors and trade volume affecting stock price in pharmaceutical companies. This study will mainly identify and assess different factors that affect the stock price such as how trade volume and variables like exchange rates, inflation, bank interest rates, and GDP are related to one another. The data set collection will be concluded to 9 companies during the designated period of 2019–2021, the pharmaceutical industry listed on the Indonesia Stock Exchange who will represent the population by using purposive sampling. This study will not cover other problems that are not factors affecting stock price. The study would be done using the quantitative data from Indonesia Stock Exchange.



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1.6 Significance of The Study

The study is a practical one that contributes to the area of macroeconomic and capital market and made with the goal of providing essential knowledge and information about the selected topic from recent studies or theses, and relevant websites required. This study will be undertaken to find out the factors; exchange rate, inflation, bank interest rate, GDP, and trade volume affecting stock price in pharmaceutical companies and to measure its relationship through descriptive analysis and multiple linear regression method. Data from this study will be utilised to show the comparison and provide insight into the chosen topic's issue. Furthermore, it is expected that this study will serve as the start of an ongoing body of research on the topic of factors influencing stock price.

This study is significant for companies, investors, student, and potential research. First, it is critical that companies understand the financial environment that will be affecting their stock price as well as to keep their investments safe. Second, it is necessary to say that not all of the investors are very aware of what the factors that greatly affect the stock price. This study will provide investors with the assistance they may require and enough information to protect them from unfavourable outcomes of their investment. Third, this research endeavor can potentially serve as a valuable point of reference for students undertaking similar studies. Surely, this study will serve as the primary source of illumination for their future studies. Fourth, the potential research will use it as a base of their research. This study will provide as a helpful resource for researchers who intend to conduct exact related studies.



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1.7 Organisation of The Study

There are five chapters in the research. This following chapters will be organized as follows; The general introduction of the study is covered in Chapter 1, along with the study's background, problem statement, research objective, research questions, scope of study, and significance of study. The literature review in Chapter 2 evaluates the contributions of other researchers to the field and their methods. This part is structured by the definition of the dependant variable, and the definition of independent variables, exchange rate, inflation, bank interest rate, GDP, and trade volume. Chapter 3 consists of research methodology explains the methodology used to conduct the research for this project. It outlines its analytical framework beginning with methodology and nature, population and sampling, tools used, data collection and procedures, and data analysis. The researcher specifically uses quantitative instruments to conduct research. In chapter 4, will cover the data analysis. Each analysis will interpret and answer the research questions. And the last chapter, chapter 5, are conclusions and recommendations. This chapter presents the conclusions reached from the study's findings about the variables affecting stock price. After considering the study's goals, pressing research questions, and findings, conclusions were drawn. The consequences of these findings and the suggestions that follow will also be explained. On the basis of the research's results and objectives, recommendations were made.



CHAPTER 5

CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

The research design is provided in this chapter and illustrates the entire research review to assist the reader comprehend this study' research overview and conclusions. Based on the results obtained in Chapter 4, this chapter outlines the research methods utilised to collect and analyze the data needed in order to answer the inquiries that led to the study and test the hypothesized relationships identified in this study.

5.2 Overview of the Study

Examining the factors determining stock price in firms that sell pharmaceuticals on the Indonesia Stock Exchange (IDX) is the primary research goal of this study. Moreover, in this study, five research questions have to be underlined, whether macroeconomic factors (Trade volume, the exchange rate, inflation, bank interest rates, and GDP) has significant relationship on stock price in pharmaceutical companies.

For the purpose of examining the study properly, on the website www.idx.co.id, the information was obtained from the Indonesia Stock Exchange to all potential publicly traded pharmaceutical companies in Indonesia. The samples used are 9 pharmaceutical businesses listed on the Indonesia Stock Exchange (IDX) from 2019 to 2021 were examined and appraised using the SPSS software.



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Appropriately, according to the data analysis from Chapter 4 findings, only Hypotheses 1 and 4 could be obtained and were found to be acceptable in the regression test in terms of stock price, respectively (p 0.05). In other words, there is a large and favorable correlation between the exchange rate and growth domestic product and stock price.

Table 5.1 Summary of Hypothesis Testing

Hypothesis	Accepted (p < 0.05)	Rejected (p > 0.05)
H1: Exchange rate has positive and significant impact on the stock price in pharmaceutical companies listed on the Indonesia Stock Exchange	✓	
H2: Inflation has negative and not significantly impact on stock price in pharmaceutical companies on the Indonesia Stock Exchange		✓
H3: Bank interest rate has positive and insignificant impact on the stock price of pharmaceutical companies listed on the Indonesia Stock Exchange		✓
H4: Gross domestic product has positive and significant impact on stock price in pharmaceutical companies listed on the Indonesia Stock Exchange	✓	
H5: Trade volume has a negative and significant impact on stock price in pharmaceutical companies listed on the Indonesia Stock Exchange		✓



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5.3 Discussion of Result

5.3.1 Hypothesis 1

In this study project, the initial research question is “Does exchange rate influence stock price in pharmaceutical companies listed on the Indonesia Stock Exchange (IDX)?”. In order to analyze the impact of macroeconomic factors on the stock price of pharmaceutical companies that are listed on the Indonesia Stock Exchange, Hypothesis 1 (H1) is then developed based on this study subject. The study of the research's data reveals that the stock price has been positively and significantly affected by the exchange rate. Consequently, the importance of the first research question is indicated, and the outcome of H1 is accepted. The findings are identical to the study by Muhlis and Nugroho (2022) which research findings demonstrates that exchange rates have a positive impact on stock price while also having a significant effect on the stock price of pharmaceutical companies. Due to the fact that most businesses that have listed on the Indonesia Stock Exchange have debt or loans in foreign currencies, it may be inferred that exchange rates have an impact on stock price, particularly companies that are still importing raw materials. Therefore, if the situation with the rupiah exchange rate worsens, it may reflect in a falling stock price and vice versa.

The conclusion, on the other hand, contradicts a study conducted by Asaad (2021) that indicated the Central Bank using the foreign currency auction to manage the exchange rate in the foreign exchange market, having a no impact on the stock price.



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5.3.2 Hypothesis 2

Besides than that, the second research question highlighted is “Does inflation influence stock price in pharmaceutical companies listed on IDX?”. Therefore, Hypothesis 2, H2 is formed to ascertain how the price of pharmaceutical businesses listed on the Indonesia Stock Exchange (IDX) is affected by inflation. Through the data analysis, it shows that inflation has negative and not significantly impact on stock price in pharmaceutical companies listed on the Indonesia Stock Exchange. As a result, the H2 is rejected. There is a similar journal article by Muhlis and Nugroho (2022) that also shows negative and no significant inflation's effect on stock price. Every country's monetary situation is impacted by inflation, where this inflation tends to continuously raise the price of goods in general because the amount of money in circulation that is too much compared to the goods and services available. According to the study's findings, the stock price is not significantly affected by inflation due to the low rate of inflation. According to Badan Pusat Statistik (www.bps.go.id), the inflation rate occurred in Indonesia is less than 5% in the period of 2019-2021.

Nevertheless, study that was carried out by Antono, Jaharadak, and Khatibi (2019) came with different research result. According to the study's findings, cost-push inflation, or inflation generated by an increase in production costs, adversely affects the stock price of mining sector businesses listed on the Indonesia Stock Exchange (IDX) and has a substantial negative impact. With growing labor and raw material costs and an inflationary climate in the economy, companies lack the bravery to raise



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product prices. As a result, when investing, in order to determine stock price returns, investors utilise inflation as a benchmark.

5.3.3 Hypothesis 3

The third research question highlighted is “Does bank interest rate influence stock price in pharmaceutical companies listed on IDX?”. Then, Hypothesis 3, H3 is formed to examine the effect of bank interest rate based on the stock price of pharmaceutical firms trading on the Indonesia Stock Exchange (IDX). Nevertheless, H3 is not supported by the evidence examined because bank interest rates have not been found to have a significant effect on stock price. H3 is therefore rejected. This study's findings are similar with journal article by Artadiyani and Samsudin (2023) that discover that insignificant positive effect of bank interest rate on stock price. One probable explanation is that independent variable (bank interest rate) in partial significance, there is no impact on the underlying variable (stock price).

Contrarily, this analysis contradicts Simbolon & Purwanto's (2018) study, which revealed that bank interest rates significantly affect stock price. The possible reason of this contradict result is because interest rates can affect forecasts for economic growth and earnings, which, in turn, affecting stock price. Reduced interest rate frequently encourages borrowing, investment, and consumer spending, all of which can increase economic growth and companies' profits. These aspects for economic growth and companies' profits may contribute to higher stock price. Furthermore, elevated interest rates might cause a slowdown in economic growth, and perhaps even lower the stock price.



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5.3.4 Hypothesis 4

The fourth question highlighted is “Does gross domestic product influence stock price in pharmaceutical companies listed on IDX?”. Thereafter, Hypothesis 4, H4 is formed to identify the impact of GDP on pharmaceutical businesses' stock price that are listed on the Indonesia Stock Exchange (IDX). Analysis of the data reveals that the Indonesia Stock Exchange's pharmaceutical companies' stock price are positively and significantly impacted by the gross domestic product. The relevance of the fifth research question is thus shown, and the result of H5 is accepted. The results are comparable to those of the journal paper by Huy, Dat, & Anh (2020) which shows that an increase in gross domestic product have a significant impact on stock price. One possible explanation for the findings is that socioeconomic factors such as the exchange rate, inflation, bank interest rate, GDP, also trade volume industries influenced the research findings.

However, the research by Anita & Negoro (2019), which claimed that the gross domestic product variable is positive and has no discernible impact on stock price, is in direct conflict with this finding. The study's stock price for the consumer goods industry are more sensitive to changes in microeconomic variables.

5.3.5 Hypothesis 5

Not least of all, the fifth research question highlighted is “Does trade volume influence stock price in pharmaceutical companies listed on IDX?”. Hypothesis 5, H5 is then acquired to discover trading volume's impact on pharmaceutical businesses' stock price listed on the Indonesia Stock



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Exchange (IDX). Nonetheless, the result of this study is not found to be significant. So, H5 is rejected. The finding is similar to the study from Anam (2021) as the result shows that trading volume, which is a factor in the company's stock price and is reflected in the IDX30-index, has a negative and insignificant on stock price, according to study results. An increase in supply and demand for shares are reflected in the growth in trade volume.

Other than that, a journal article conducted by Anggraini (2018) came with different research result, it showed that the Indonesia Stock Exchange's transaction volume has a big impact on stock price. The study's findings showed that transaction volume might be used as a gauge of value when making investments on the capital market. The positive correlation suggests that a company's share price will increase with increased stock trading volume will be and vice versa. These results indicate that larger amount of incoming investment will increase stock price.

5.4 Contribution of the Study

5.4.1 Body of Knowledge

This study project appears comparable to all other research papers on the subject based on multiple research who have created countless studies on the macroeconomic and stocks fields. This research project seeks to identify the relationship between macroeconomic factors including the currency rate, inflation, and the bank interest rate, gross domestic product, and trade volume on stock price. They aim to examines whether changes in these pharmaceutical businesses listed on the IDX see a major effect from several factors on their stock price. In addition, this study provides a



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literature review and reference for upcoming researchers who will have relevant research topic.

5.4.2 Theory

The arbitrage pricing theory (APT) aims to explain how systematic risk factors and expected returns of an asset are related. It provides an option to the Capital Asset Pricing Model (CAPM) and claims that an asset's expected return is influenced by several factors rather than just market risk. The sensitivity of an asset to various systematic risk factors determines its expected return, which can be macroeconomic variables. These factors can include exchange rate, inflation, interest rates, GDP, trade volume and other economic indicators. However, there is an indirect relationship between arbitrage pricing theory and stock price through the determination of expected returns.

5.4.3 Practical

The primary objective of this research on macroeconomic factors affecting stock price is to understand the relationship between broader economic variables and the performance of stock markets. This research aims to uncover and explore the factors that affect the price of stocks on a larger scale, beyond the company-specific or industry-specific factors. Research in this area helps in better understanding the fundamental concepts and dynamics of stock markets. It offers perceptions into how market psychology, investor sentiment, and other elements combine with macroeconomic issues to affect stock price as a whole. Overall, the objective of research on macroeconomic factors affecting stock price is to clearer comprehension of the interaction between the broader economy and the



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stock market, enabling investors, policymakers, and market participants to make more informed decisions.

5.5 Recommendation for Future Research

Following the data analysis and discussion, it is clear that there are some restrictions and limitations in this research since it is unable to cover a large number of additional aspects of the subject. As a result, some alterations or recommendations may be employed for future research study.

This study examines five (5) independent variables including exchange rate, inflation, interest rate, GDP, and trade volume. Examine how stock price react to changes in macroeconomic regimes, such as financial crises, economic recessions, or expansions may contribute to different but better outcomes and insights. With all the limitations, the researcher proposed that future studies could apply other macro environmental elements to acquire better findings. It would be very good to explore more influence of various macroeconomic variables on stock price and assess the magnitude and direction of such impacts.

Furthermore, with all the limitations, then to obtain better results, future researchers are advised to add other macro conditions factors, in order to further comprehend the issue and emphasize earlier results, academics need do more years of research. As a result, future research should employ different companies or industries so that the results can be readily contrasted.

5.6 Conclusions

This study's primary goal is to identify the variables influencing the stock price of pharmaceutical businesses listed on the Indonesia Stock Exchange (IDX).



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Overall, the goal of this study was to assess variables influencing pharmaceutical company stock price listed on the Indonesia Stock Exchange (IDX) between 2019 and 2021. The findings of the data collection were obtained. It is essential to aware of what factors that greatly affect the stock price as it provides enough information for companies and investor to protect them from unfavourable outcomes.

In general, most of the variables are revealed to be not entirely positive and significant when assessing the factors influencing stock price. Correspondingly, the research's primary conclusions are that the exchange rate and gross domestic product are the main elements of macroeconomic factors to have correlations indicating significantly related to the 2019–2021 period's stock price for pharmaceutical companies listed on the Indonesia Stock Exchange (IDX).

Last, the recommendation for future research is that diversified variables, sample and population should be modified in different sector on Indonesia Stock Exchange (IDX). To produce a more accurate and superior outcome for future researchers in the study, additional factors that affect stock price should be further researched. This research will assist stock market professionals in solving the problem and future researchers in developing their research framework with a deeper comprehension of this subject.



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APPENDICES

APPENDIX A (Turn It In Percentage)

Chapter 1-5			
ORIGINALITY REPORT			
16%	14%	8%	6%
SIMILARITY INDEX	INTERNET SOURCES	PUBLICATIONS	STUDENT PAPERS
PRIMARY SOURCES			
1	proceedings.worldconference.id Internet Source	1%	
2	ejournal.unsri.ac.id Internet Source	1%	
3	jurnal.unmer.ac.id Internet Source	1%	
4	kemalapublisher.com Internet Source	<1%	
5	Lentina Simbolon, Purwanto. "The Influence of Macroeconomic Factors on Stock Price: The Case of Real Estate and Property Companies", Emerald, 2018 Publication	<1%	
6	Submitted to Mzumbe University Student Paper	<1%	
7	ejournal.stiesia.ac.id Internet Source	<1%	
8	Submitted to University of Dammam Student Paper	<1%	

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APPENDIX B (List of pharmaceutical companies)

No.	Issuer Code	Company Name
1	DVLA	Darya-Varia Laboratoria Tbk.
2	INAF	Indofarma Tbk.
3	SIDO	Industri Jamu dan Farmasi Sido Muncul Tbk.
4	KLBF	Kalbe Farma Tbk.
5	KAEF	Kimia Farma Tbk
6	MERK	Merck Tbk.
7	PEHA	Phapros Tbk.
8	PYFA	Pyridam Farma Tbk.
9	TSPC	Tempo Scan Pacific Tbk.

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APPENDIX C (Presentation Slides)

FBMP RESEARCH COLLOQUIUM 2023



ANALYSIS OF FACTORS AFFECTING STOCK PRICE IN PHARMACEUTICAL COMPANIES LISTED ON THE INDONESIA STOCK EXCHANGE (IDX)

Presented by : Vinaya Puella Yunianto (012022090957)

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Supervisor: Nurhidayah Dinti Shamsudin

BACHELOR IN FINANCE
FACULTY OF BUSINESS MANAGEMENT AND PROFESSIONAL STUDIES
MANAGEMENT AND SCIENCE UNIVERSITY

2/15



PRESENTATION OUTLINE



3/15



BACKGROUND



Capital markets play a large part for the expansion of the nation's economy which promotes capital formation and supports economic growth. The capital market as a way of investment that used by investors to take part in business share

ownership of a company to generate their income and maximize their wealth that will be conclude through profit that is gained from an investment on stock in a specific time period that can be used as a main consideration in evaluating the best chance of investments

RESEARCH PROBLEM



Stock price is one of the assets that investors consider when deciding whether or not to invest in a capital market

The price of stock is not constant, rather, it changes in response to market circumstances that affected by many factors such as macro and micro factors through the company's value directly or indirectly.

Macroeconomic stability is built not just on an economy's macroeconomic management, but also on the structure of institutions, markets and sectors. Countries must implement structural reforms to support macroeconomic policy in order to increase the macroeconomic stability. Without macroeconomic policy, the function of these markets and sectors would operate less effectively



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RESEARCH QUESTIONS AND OBJECTIVES



- 1 Does exchange rate affecting stock price in pharmaceutical companies listed on the IDX?
- 2 Does inflation affecting stock price in pharmaceutical companies listed on the IDX?
- 3 Does bank interest rate affecting stock price in pharmaceutical companies listed on the IDX?
- 4 Does gross domestic product affecting stock price in pharmaceutical companies listed on the IDX?
- 5 Does trade volume affecting stock price in pharmaceutical companies listed on the IDX?

- 1 To determine the effect of exchange rate on stock price
- 2 To determine the effect of inflation on stock price
- 3 To determine the effect of bank interest rate on stock price
- 4 To determine the effect of gross domestic product on stock price
- 5 To determine the effect of trade volume on stock price

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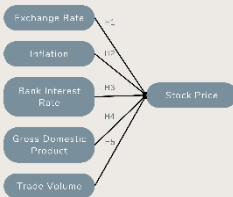
6/15



LITERATURE REVIEW

Stock Price	Stock price, which is determined by market participants and by supply and demand in the capital market, is the price at which a share is presently traded on the stock exchange	Sikowitz et al., 2021
Exchange Rate	Exchange rate is the price of exchange between 2 types of currency in different countries that can be assessed or compared its price or value between two different country currencies	Sarwono & Widiana, 2018
Inflation	Inflation is an event that shows an increase in prices generally and takes place continuously within a specific period of time	Yanti, 2018
BI Rate	Bank interest is the price or opportunity cost (opportunity cost) of use of assets or money that must be recorded based on purchasing power from the asset	Siregar et al., 2013
Gross Domestic Product	The Great Domestic Product (GDP) is made up of both goods and services created for market sale as well as some non-market production	Galina, 2020
Trade Volume	Trade volume on stock is the value of trading activities carried out by investors when they purchase and sell stocks. Volume of stock trading refers to the number of shares that are traded at any given time.	Cary A. (2018) mat, 2022

FRAMEWORK



HYPOTHESES



- H1: Exchange rate has negative and insignificant impact on the stock prices in pharmaceutical companies listed on the Indonesia Stock Exchange
- H2: Inflation has negative and insignificant impact on stock prices in pharmaceutical companies on the Indonesia Stock Exchange
- H3: Bank interest rate has negative and significant impact on the stock price of pharmaceutical companies listed on the Indonesia Stock Exchange
- H4: Gross domestic product has positive and significant impact on stock price in pharmaceutical companies listed on the Indonesia Stock Exchange
- H5: Trade volume has a negative and insignificant impact on stock prices in pharmaceutical companies listed on the Indonesia Stock Exchange

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POPULATION AND SAMPLING

NO	Code	Company's Name
1	IXIA A	Daya-Vanta Laboratori Tbk.
2	INAF	Kino Indonesia Tbk.
3	SIDO	Merina Bero Tbk.
4	KLJF	Mustika Ratu Tbk.
5	KAEF	Mandom Indonesia Tbk.
6	MLNK	Mayora Indah Tbk.
7	PEHA	Indofood CEP Sukses Makmur Tbk.
8	PYFA	Vicenza Care Indonesia Tbk.
9	TSPC	Unilever Indonesia Tbk.

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SUMMARY OF MEASUREMENT

Variable	Type of Scale	Measurement	Source
Exchange Rate	Ratio Scale	Real exchange rate = Nominal exchange rate x (Foreign CP / Domestic CP)	www.bps.go.id
Inflation	Ratio Scale	Inflation Rate = (Current CPI - Previous CPI) / Previous CPI x 100%	www.bps.go.id
Bank Interest Rate	Ratio Scale	rate of interest = us to local average	www.ojs.id
Gross Domestic Product	Ratio Scale	$Y = C + I + G = PC + I + G$	www.bps.go.id
Trade Volume	Ratio Scale	TVA = Tradeable Shares / Untradable Shares	www.idx.co.id

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DESCRIPTIVE ANALYSIS

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Stock Price	9	1416.00	6938.33	3023.6296	1428.28694
Exchange Rate	9	15434.00	14474.00	13614.4444	754.30683
Inflation	9	.03	.03	.0273	.00072
BI Rate	9	4.15	4.77	4.3871	.25313
GDP	9	2.22	2.77	2.5830	.26412
Trade Volume	9	710211.33	777564372.3	16297397.8	25210360.1
Valid N (listwise)	9		0	104	8157

NORMALITY TEST

One-Sample Kolmogorov-Smirnov Test

	Unstandardized Residual	N
Normal Parameters:	Mean = .0000000	9
	Std. Deviation = .037755127	
Most Extreme Difference:	Absolute = .177	
	Positive = .169	
	Negative = -.177	
Test Statistic:	.177	
Asymp. Sig. (2-tailed):	.2002	

a. Test distribution is Normal.
b. Calculated from data.
c. Lilliefors Significance Correction.
d. This is a lower bound of the true significance.

the result of the Asymp. Sig equals to $0.200 > 0.05$

MULTICOLINEARITY TEST

There is no multicollinearity happened in the independent variables because tolerance value > 0.10 or VIF value < 10 .

Model	Collinearity Statistics					VIF
	Tolerance	Condition Index	Condition Index	Condition Index	Condition Index	
1 (Constant)	.21654	8.783			.699	
Exchange Rate	.3036	.393	.713	7.711	.005	.254
Inflation	-.851	1.049	-.048	-.811	.477	.628
BI Rate	.314	.412	.045	-.583	.705	.666
GDP	2.521	.584	.441	4.317	.028	.206
Trade Volume	-.554	1.142	-.068	-.485	.661	.112

a. Dependent Variable: Stock Price

HYPOTHESES TESTING

MULTIPLE LINEAR REGRESSION

Model	Coefficients					Tolerance	VIF
	B	Std. Error	Beta	t	Sig.		
1 (Constant)	-28.654	8.783		-.699	.500		
Exchange Rate	3.039	.393	.713	7.711	.005	.254	3.924
Inflation	-.851	1.049	-.048	-.811	.477	.628	1.591
BI Rate	.314	.412	.045	.705	.500	.666	1.502
GDP	2.521	.584	.441	4.317	.028	.206	4.811
Trade Volume	-.554	1.142	-.068	-.485	.661	.112	8.938

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.997 ^a	.993	.983	.06141

a. Predictors: (Constant), GDP, BI Rate, Inflation, Exchange Rate, Trade Volume

the coefficient of determination (adjusted R²) is equal to 0.983, meaning that the independent variables jointly affect the dependent variable by 98.3%

DISCUSSION OF FINDING

Hypothesis	Result	Previous Research
H1	Exchange rate has positive and significant impact on the stock price in pharmaceutical companies listed on the Indonesia Stock Exchange.	Martono, Nurhidayah, 2022
H2	Inflation has negative and not significant impact on stock price in pharmaceutical companies listed on the Indonesia Stock Exchange.	Martono, Nurhidayah, 2022
H3	Bank interest rate has positive and significant impact on the stock price in pharmaceutical companies listed on the Indonesia Stock Exchange.	Ardiansyah, Nurhidayah, 2022
H4	Gross domestic product has positive and significant impact on stock price in pharmaceutical companies listed on the Indonesia Stock Exchange.	Purwati, Nurhidayah, 2020
H5	Trade volume has a negative and significant impact on stock price in pharmaceutical companies listed on the Indonesia Stock Exchange.	Ardiansyah, 2021

CONCLUSION

Generally, most of the variables are shown not to be entirely positive and significant in interpreting the factors affecting stock price. As a result, the summary of research findings is exchange rate and gross domestic product as the main determinants of macroeconomic factors to have correlations indicating significantly related to stock price.

The recommendation for future research is that diversified variables, sample and population should be modified in different sector on Indonesia Stock Exchange (IDX). Other factors that affecting stock price should be investigated further to achieve more accurate and better output for future researcher in the study.





RUBRIC

STUDENT NAME: _____

MATRIC ID: _____

Measurable Attributes	1	2	3	4	Weight	Marks
1. Explication of how the study relates to a phenomenon or area of interest within the discipline	Provides a vague (or no) description of the relationship	Provides some explication of the relationship	Provides a clear explication of the relationship	Explicates the relationship in an insightful manner	1	
2. Specification and limitation of the research problem and questions	Provides very vague description of the research problem and questions	Provides limited specification of the research problem and questions	Provides clear specification and limitation of the research problem and questions	Provides an engaging specification and limitation of the research problem and questions	1	
3. Review of literature	Reports on earlier literature without connecting it to the research problem and question, and/or fails to identify relevant literature	Reports on earlier literature without connecting it clearly to the research problem and question	Reviews earlier literature relevant to the research problem and questions	Demonstrates critical thinking creativity and insight in reviewing earlier literature relevant to the research problem and questions	4	



<p>4. Develops a systematic and logical approach to the inquiry</p>	<p>Provides a vague explanation of the approach to the inquiry; Fails to logically describe planned approach</p>	<p>Describes logically and clearly the research approach</p>	<p>Describes logically and clearly the research approach with a clear justification of the chosen approach above other approaches</p>	<p>In addition to the description for “Good”: Explains how the chosen approach fits into existing paradigms of research methodologies and their limits</p>	<p>2</p>	
<p>5. Develops conceptual Synthesis/framework</p>	<p>Fails to develop a conceptual structure</p>	<p>Identifies some appropriate concepts and explains what they mean</p>	<p>Clearly identifies appropriate concepts and explains what they mean in the context of the study; Demonstrates a conceptual structure</p>	<p>Develops and applies a clear and consistent conceptual structure through synthesis of other/new concepts or lenses</p>	<p>4</p>	
<p>6. Collects and uses empirical material/data (if applicable)</p>	<p>Fails to clarify what material/data is used or how it is used; or uses inappropriate material/data; or exhibits inappropriate use of material/data</p>	<p>Identifies appropriate material/data and explains how it is used</p>	<p>Clearly identifies appropriate material/data and explains how it is used; Uses material/data in a way that is consistent with the logic of the inquiry and its purpose</p>	<p>In addition to the description for “Good”: Identifies problematic issues and limits to the use of the material/data</p>	<p>3</p>	
<p>7. Interprets and discusses results; draws conclusions</p>	<p>Provides unclear interpretations and conclusions, and/or provides conclusions that do not</p>	<p>Makes some interpretations and draws conclusions; Provides little discussion</p>	<p>Provides clear interpretations that emerge from analysis and draws</p>	<p>In addition to the description for “Good”: Identifies and discusses problematic issues and limits; Where relevant,</p>	<p>4</p>	



<p>8. Academic style, language use and readability</p>	<p>Uses nonacademic style; inaccurate language use interferes with reading and comprehension; citation format not observed</p>	<p>Uses language sufficiently accurately and appropriately for comprehension but use of illustrations and examples infrequent and/or not fully competent; citation format not always observed</p>	<p>Uses appropriate academic language well; minor errors may exist but do not interfere with fluent reading and comprehension; illustrations and examples contribute to the clarity of the arguments; citation format almost always observed</p>	<p>Produces a thesis that meets academic writing standards; readily conveys meaning; illustrations and examples enhance the clarity of the arguments; citation format consistently observed</p>	<p>3</p>	
<p>9. Consistency and coherence of the thesis</p>	<p>Text is fragmented and unbalanced; internal links among theory, methods and results are not explicit; problems with headings and paragraph and section structure</p>	<p>Text is not fully balanced; some key internal links are missing; does not fully form a coherent whole; some problems with headings and paragraph and section structure</p>	<p>Forms a balanced and coherent whole; some internal linkages are implicit rather than explicit; headings and paragraph and section structure typically support the overall coherence</p>	<p>Forms a coherent whole with consistent and explicit internal linkages; has a logical flow of argumentation with neat headings and clearly structured paragraphs and sections</p>	<p>3</p>	
<p>TOTAL</p>						