THE IMPACT OF INTEREST RATE, EXCHANGE RATE, AND GROSS DOMESTIC PRODUCTION GROWTH TOWARD STOCK RETURNS OF SELECTED INDONESIAN BANKING COMPANIES LISTED IN INDONESIA STOCK EXCHANGE

By

Dhika Ayhodha Kausar
11403071

BACHELOR'S DEGREE

In

BUSINESS ADMINISTRATION – BANKING & FINANCE
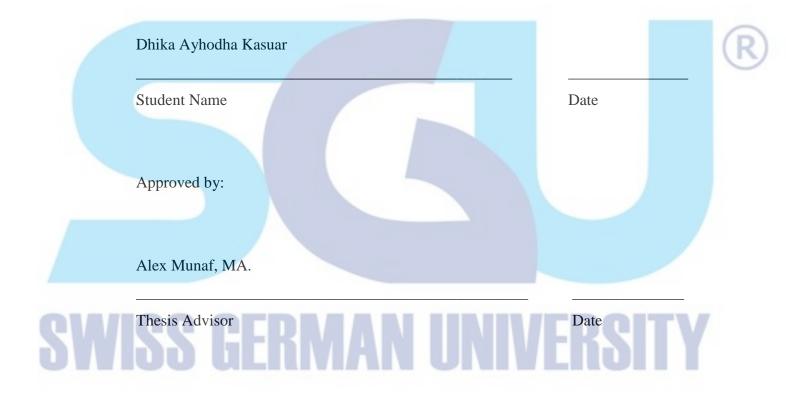FACULTY OF BUSINESS & COMMUNICATION

SWISS GERMAN UNIVERSITY
The Prominence Tower
Jalan Jalur Sutera Barat No. 15, Alam Sutera
Tangerang, Banten 15143 – Indonesia

August 2018
Revision after the thesis defense on 23 July

THE IMPACT OF INTEREST RATE, EXCHANGE RATE, AND GROSS DOMESTIC
PRODUCTION GROWTH TOWARD STOCK RETURNS OF SELECTED INDONESIAN
 BANKING COMPANIES LISTED IN INDONESIA STOCK EXCHANGE

Page **2** of **69**

STATEMENT BY THE AUTHOR

I hereby declare that this submission is my own work and to the best of my knowledge, it contains no material previously published or written by another person, nor material which to a substantial extent has been accepted for the award of any other degree or diploma at any educational institution, except where due acknowledgement is made in the thesis.

Dhika Ayhodha Kasuar

_____   _____

Student Name   Date

Approved by:

Alex Munaf, MA.

_____   _____

Thesis Advisor   Date

Dr. Nila K Hidayat, S.E. MM.

_____   _____

Dean   Date

THE IMPACT OF INTEREST RATE, EXCHANGE RATE, AND GROSS DOMESTIC
PRODUCTION GROWTH TOWARD STOCK RETURNS OF SELECTED INDONESIAN
BANKING COMPANIES LISTED IN INDONESIA STOCK EXCHANGE

Page **3** of **69**

ABSTRACT

THE IMPACT OF INTEREST RATE, EXCHANGE RATE, AND GROSS DOMESTIC PRODUCTION GROWTH TOWARD STOCK RETURNS OF SELECTED INDONESIAN BANKING COMPANIES LISTED IN IDX

By

Dhika Ayhodha Kausar

Ales Munaf, MA.

SWISS GERMAN UNIVERSITY

Stock prices have some ties to macroeconomic variables, and with Indonesian Stock Exchange have all time high, despite some of macroeconomics have negative results. This thesis is aiming to find the relationship between interest rate, exchange rate, and gross domestic production growth to stocks returns of banking companies listed in IDX with time horizon of trader and investor. The data gathered is sampled from banking companies with big market capitalization from 2007 – 2017. The data is pooled in monthly and yearly for intertest rate, exchange rate, and stock returns. As for GDP growth is only available in quarterly. The data are processed through panel regression method. From empirical results, that none of the independent variables are significant to stock returns in monthly frequency. However, in yearly results only exchange rate has significance to stock returns, while the rest resulted as insignificant.

Keywords: Exchange Rate, Interest Rate, GDP growth,

THE IMPACT OF INTEREST RATE, EXCHANGE RATE, AND GROSS DOMESTIC
PRODUCTION GROWTH TOWARD STOCK RETURNS OF SELECTED INDONESIAN
BANKING COMPANIES LISTED IN INDONESIA STOCK EXCHANGE

Page **4** of **69**

THE IMPACT OF INTEREST RATE, EXCHANGE RATE, AND GROSS DOMESTIC
PRODUCTION GROWTH TOWARD STOCK RETURNS OF SELECTED INDONESIAN
 BANKING COMPANIES LISTED IN INDONESIA STOCK EXCHANGE

Page **5** of **69**

DEDICATION

I dedicate this thesis to my beloved family, lecturers, and friends

THE IMPACT OF INTEREST RATE, EXCHANGE RATE, AND GROSS DOMESTIC
PRODUCTION GROWTH TOWARD STOCK RETURNS OF SELECTED INDONESIAN
BANKING COMPANIES LISTED IN INDONESIA STOCK EXCHANGE

Page **6** of **69**

ACKNOWLEDGEMENTS

THE IMPACT OF INTEREST RATE, EXCHANGE RATE, AND GROSS DOMESTIC
PRODUCTION GROWTH TOWARD STOCK RETURNS OF SELECTED INDONESIAN
BANKING COMPANIES LISTED IN INDONESIA STOCK EXCHANGE

Page **7** of **69**

Table of Contents

THE IMPACT OF INTEREST RATE, EXCHANGE RATE, AND GROSS DOMESTIC
PRODUCTION GROWTH TOWARD STOCK RETURNS OF SELECTED INDONESIAN
BANKING COMPANIES LISTED IN INDONESIA STOCK EXCHANGE

Page **8** of **69**