### 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 GERMANUERSITY

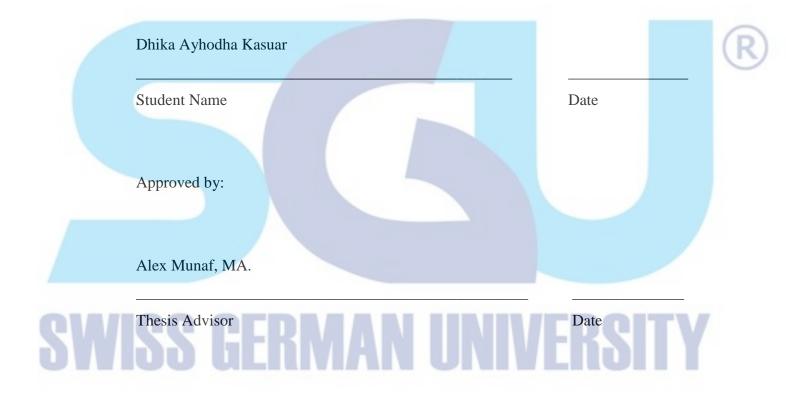
SWISS GERMAN UNIVERSITY

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

### 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.



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

Dean

Date

### 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,



## **SWISS GERMAN UNIVERSITY**

### DEDICATION

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



### ACKNOWLEDGEMENTS

First, I like to give my gratitude to God, for the blessing and time given to me, to be able triumph in hard time.

My parents, for their trust, time, and resources to me for able finish this thesis. Without their support I would not be able here today.

I am very grateful for continuous guidance from my advisor, Prof. Alexis Munaf. He willing to give his precious time, with numerous another student he is mentoring. Without his advice and knowledge, this thesis could not have been completed.

My gratitude also goes to Mr. Yosman Bustaman and Miss Margaretha Lingga, for giving their professional insight, knowledge, and experience to make this thesis.

And finally, is to all my friends especially in finance and banking class, for able give me motivation and able to discuss that help me to construct this thesis.

# SWISS GERMAN UNIVERSITY

### **Table of Contents**

ABSTRACT	
ACKNOWLEDGEMENTS	6
LIST OF TABLES	9
LIST OF FIGURES	
CHAPTER 1. INTRODUCTION	
1.1. Background	11
1.2. Research Problems	14
1.3. Research Question	
1.4. Research Objective	15
1.5. Scope and Limitation	
1.6. Significance of Study	15
CHAPTER 2. LITERATURE REVIEW	
2.1. Conceptual Framework	16
2.2. Theoretical Framework	17
2.3. Previous Study	
2.4. Hypothesis	27
CHAPTER 3. RESEARCH METHOD	
3.1. Type of Study	
3.2. Unit Analysis	29
3.3. Sampling Design	
2.4 Location & Time Frame of Study	
3.4. Location & Time Frame of Study	
3.5. Data Collection and Data Sources	
3.5. Data Collection and Data Sources	
3.5. Data Collection and Data Sources 3.6. Research Model	
<ul><li>3.5. Data Collection and Data Sources</li><li>3.6. Research Model</li><li>3.7. Variables Operationlization</li></ul>	
<ul> <li>3.5. Data Collection and Data Sources</li> <li>3.6. Research Model</li> <li>3.7. Variables Operationlization</li> <li>3.8. Data Analysis Technique</li> </ul>	
<ul> <li>3.5. Data Collection and Data Sources</li> <li>3.6. Research Model</li> <li>3.7. Variables Operationlization</li> <li>3.8. Data Analysis Technique</li> <li>CHAPTER 4. RESULTS AND DISCUSSION</li> </ul>	
<ul> <li>3.5. Data Collection and Data Sources</li> <li>3.6. Research Model</li> <li>3.7. Variables Operationlization</li> <li>3.8. Data Analysis Technique</li> <li>CHAPTER 4. RESULTS AND DISCUSSION</li> <li>4.1. Brief Company Background</li> </ul>	
<ul> <li>3.5. Data Collection and Data Sources</li> <li>3.6. Research Model</li> <li>3.7. Variables Operationlization</li> <li>3.8. Data Analysis Technique</li> <li>CHAPTER 4. RESULTS AND DISCUSSION</li> <li>4.1. Brief Company Background</li> <li>4.2. Results</li> </ul>	

SI

#### 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

5.2. Recommendations	50
LIST OF REFERENCES	51
APPENDICIES	

