

Analysis of the Effect of Inflation, PER, and PBV on Stock Prices Listed on the Indonesia Stock Exchange Period 2011 – 2020

Kerenth and Iswandi Sukartaatmadja

Department of Management, Faculty of Business, Institute of Business and Informatics
Kesatuan, Bogor, Indonesia

Rachmatullaily Tinakartika Rinda

Department of Management, Faculty of Economics, Ibn Khaldun University, Bogor,
Indonesia.

ABSTRACT

This study is to determine the extent of the influence that inflation has on stock price movements, as well as 2 indicators, namely PER and PBV which are often used by investors to determine their investment decisions. The influence that each variable has will cause a movement in stock prices, whether it's an influence with a positive or negative relationship.

This research was conducted using company financial statement data for 10 years starting from 2011 to 2020. The companies that became the object of this research were PT Pyridam Farma Tbk., PT Kimia Farma Tbk., PT Merck Indonesia Tbk., and PT Indofarma Tbk. , where these four companies are engaged in the pharmaceutical industry. The method used in this research is panel data regression, by passing the classical assumption test and hypothesis testing.

Based on the results of the study, it shows that PER and PBV have a significant and positive influence on stock prices, where when PER and/or PBV increase, the stock price will also move up, and vice versa. However, it is different for inflation, because inflation has less effect on stock price movements.

Keywords: Inflation, Price Earning Ratio, Price to Book Value, Stock Prices