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Influence Analysis of Gross Domestic Product, Return on Equity, and Earning Share in Stock Price Using Moderating Variables Inflation over Consumer Goods Companies Indonesia Stock Exchange

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This research intends to examine macroeconomic factors and microeconomic factors that have affect stock prices, the variables studied are gross domestic product, Return on equity, and earnings per share of stock prices by moderating inflation in earnings per share of stock prices. In this study we analyze effect of gross domestic product, return on equity, and earnings per share, on stock prices and moderate inflation on earnings per share on stock prices, and can provide information and descriptions to investors able to evaluate the fair price of shares in a company based on variables in this research. Purposive sampling data collection techniques with the population used in this research were fifteen consumer goods companies that published financial statements and were listed on the Indonesia Stock Exchange from 2014 to 2018. Testing in this research was carried out with the help of the SPSS22 software program. The results showed that the variable return on equity and earnings per share both had positive and significant effects on stock prices while earnings per share moderated by inflation have a negative and significant effect on stock prices. But the gross domestic product variable is positive and has no significant effect on stock prices.

Keywords: Gross Domestic Product, Return on Equity, Earning per Share, Inflation, Stock Prices, Consumer Goods

1. INTRODUCTION

Indonesia's economic in 2018 5.17 percent higher than the previous year's economic growth of 5.07 percent and the highest achievement in the last five years. Indonesia's economic growth in 2019 is predicted to increase in the range of 5.0-5.4 percent and in 2024 is predicted to increase in the range of 5.5 to 6.1 percent. Good economic prospects are the basis for the continued strengthening of the Indonesian economy in the medium term. The current account deficit also continues to decline to below 2 percent of GDP and inflation is getting lower. Lower inflation makes household consumption forecasted to be high in line with community income. The upbeat economic growth outlook is supported by strong domestic demand influenced by consumptive and investment according to Bank Indonesia 2018. The development of increasingly rapid investment in Indonesia makes the gov. views the capital market as an effective method to accelerate development. The development of the capital market itself is inseparable from the increasing income of people in a country. This era of globalization almost all countries pay great attention to the capital market because it has a strategic role in strengthening a country's economic security [1, 2, 3]. This is what makes the Indonesian government seek investment for foreign and domestic countries, because investment is the most important part in improving the country's economy. The most popular investment in capital market trading is stocks [4]. An investor in making stock investment decisions must at least consider two things, namely the expected return (expected return) and the risk (risk) of the investment fund [5]. Investment in shares is considered to have a greater risk compared to other investment alternatives such as bonds, deposits and savings. This is caused by a expected income from investing in shares is

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uncertain due to basically stock income consists of dividends and capital gains. The ability of a company to pay dividends is determined by the company's ability to generate profits while capital gains are determined by fluctuations in stock prices [6, 7]. There are two factors that influence fluctuations in stock prices, namely microeconomic factors also called fundamental factors related to the company's internal conditions as seen from company performance such as earnings per share, return on equity and macroeconomic factors are called technical factors related with external companies such as gross domestic product and inflation [8]. Stock price is one indicator to measure the success of company management in the capital market [9]. The company's stock price also reflects the value of the company in the public eye. If the price of a company is high, then the value of the company in the public eye is also good and vice versa. Therefore, stock prices are very important for the company. By evaluating the stock price, investors will find out whether the stock price is undervalued or overvalued [10]. That the better financial performance of a company will have an impact on the profits of the company and the profits obtained by investors, so that it will affect the increase in stock prices [11]. In Indonesia, between 2007 and 2012 relish gross domestic product growth of at least 6 percent per year, offering prospects for a healthy multinational economic company with increasing consumption of household products. In 2014, the price index of consumer goods grew by the highest 22.2 percent on the Indonesia Stock Exchange. The consumer goods potential over all sector in Indonesia in the medium and long term also remains strong. This can be seen from the demographics of countries that are in a phase of age structure changes where more than 50 percent of the total population is younger than 30 years. At that age, people are more productive who will later create more labor supply and increase state income which encourages the increasing need for consumer goods according to the 2016 Global Business Guide Indonesia. During the initial periods of economic growth mainly led by consumer goods, with food and pharmaceuticals showing the strongest contribution [12].

The companies in Indonesia are now trying to improve the company's operations by adjusting to all changing needs and trends that are happening right now, one of which includes consumer goods companies whose products always adjust to the development and desires of consumers. Growth in the consumer goods industry is also aided by the large number of retail businesses in Indonesia that dominate by independent small shop owners due to collectively known as fragmented trade, but modern retail supermarkets and hypermarkets, grows twice as fast as segmented trade [13]. Likewise, with the company's efforts to build brand loyalty from their consumers. Brand loyalty is used by marketers as a powerful weapons strategy to offer sustainable competitive advantages[14]. Experts in economics believe that a strong brand can create greater future value for the company. This condition due to brands are a strategy that can help organizations create sustainable competitive advantages. In 2020, it is estimated that 71 percent of Indonesia's population will live in urban areas compared to now around 55-57 percent. This percentage can be categorized as a percentage of people who earn a living in the middle class and become the new backbone as consumers in the Indonesian market. Indonesia's total expenditure for fast moving consumer goods originating from the middle class is around 68.4 percent of the total population in Indonesia in 2015 and by 2020 it will be 76.1 according to the 2016 Global Business Guide Indonesia. This is due to Indonesian consumers has specific shopping culture behavior, avoids risk and is loyal to the brand, and several industries in Indonesia have benefited from increasing purchasing power of consumer goods very quickly [15]. There is no better investment for a company than investing in a strong and reliable brand with loyal consumers [16, 17]. There are also consumer buying behaviors that involve the selection, purchase and consumption of goods and services to meet their needs and desires. From the above phenomenon it can be seen that the growth and development of consumer goods companies will definitely continue to increase along with increasing population growth which results in the number of productive ages who need consumption products. This can also trigger investor interest in investing in the consumer goods sector, including foreign investors. This research focuses on the consumer goods sector (the food and beverage sub-sector, the cigarette sub-sector, the pharmaceutical sub-sector, the cosmetics sub-sector and household goods) which are listed on the Indonesia Stock Exchange during the period 2014 to 2018 the industrial sector which is generally considered stable for investment. The cause of this stability is that the consumer goods sector is seen as a section that is immune to decline, because it looks at basic human needs [18]. The consumer goods sector has a more stable risk and is important to consider in a stock portfolio because it is as a defense. This research contributes to the literature by using gross domestic product macro-economic variables and inflation combined with microeconomic variables return on equity and earnings per share on stock prices [19]. That examines microeconomic factors using variable price earnings ratio, earnings per share, book to market ratio and macroeconomic factors using gross domestic product variables on stock prices of property and real estate companies listed on the stock exchange Indonesia, the results of the research showed that earnings per share, book to market ratio and gross domestic product affect stock prices [20]. The examined the influence of micro and macroeconomic factors on stock prices with microeconomic variables capital adequacy, asset quality, management quality, earnings, liquidity, size and macroeconomic inflation, exchange rates, industrial production, interest rates, and money supply at seven banks listed on the Istanbul stock exchange which shows that asset quality, management quality, earnings, size, interest rates, and money supply have an influence on stock prices. Examined the influence of micro and macroeconomic factors with microeconomic variables, debt equity ratio, return on equity, price earnings ratio, and macroeconomic variables of interest rates and exchange rates on manufacturing companies listed on the Indonesian stock exchange, the results showed that return on equity, price earnings ratio, and exchange rate affect stock prices. But in this research, besides examining the gross domestic product variable, return on equity and earnings per share on stock prices but also adding inflation moderation to earnings per share of stock prices, for moderating variables not much research discusses this. The impact of inflation has the potential to influence company earnings, in this research revealed the impact of high and unstable inflation can reduce consumer purchasing power and reduce the competitiveness of national products. High inflation makes high production costs so that national production goods become uncompetitive, both for domestic consumption and for export. This research will discuss how the effect of gross domestic product, return on equity, and earnings per share, with the dependent variable is stock prices and moderating inflation in earnings per share of stock prices on consumer goods companies by analyzing and using statistical programs. The benefits of this research are expected to be a reference for scientific studies on the analysis of the effect of gross domestic product, return on equity and earnings per share with the dependent variable specifically stock prices and moderating inflation in earnings per share on stock prices, and can provide information and an overview of investors to be able to assess the fair price of shares in a company based on variables in this research.

2. METHODOLOGY

A. Theoretical Background

One indicator of company management is share price. Stock prices are formed through the mechanism of demand and supply in the capital market. If a stock experiences excess demand, the stock price tends to rise. Conversely, if excess supply, stock prices tend to fall[38] High stock prices will provide benefits, in the form of capital gains and a better image for the company making it easier for management to get funds from outside the company[29]. In determining investment in the capital market, investors can see two factors, namely microeconomics that can be seen from the company's financial performance reports and macroeconomic conditions. In looking for opportunities to invest in the capital market one of the main factors that is of particular concern to every investor in making his decision is the share price [4]. Stock prices are very volatile, making the issue of stock price uncertainty, therefore an analysis of stock prices is needed as a fundamental step that can be taken by investors before investing, so that investors are not trapped in adverse conditions [42]. In addition to an analysis of the stock price signal theory explains how investors have the same information about the company's prospects and can be seen if management does not fully deliver all the information obtained on matters affecting the company, the market will generally respond to that information as a signal of an event that will affect the value of the company reflected through share prices [13]. This information can be obtained through financial information, which is about the financial position and financial performance presented can be understood, relevant, reliable and can be compared to describe the condition of the company in the past and future projections [18].

B. Micro and Macroeconomic Factors

Microeconomic factors can be said as fundamental factors related to the company's internal conditions and affect the ups and downs in the company's performance. Good or bad company performance can be seen from the financial statements of the companies concerned and reflected in financial ratios that are regularly published [34]. The fundamental factor discussed in this research is return on equity is the ratio of return on equity that shows the ability of own capital to generate profits for shareholders [5]Another fundamental variable, earning per share, is the amount of profit per share outstanding from company shares that shows the amount of net income that is ready to be distributed to investors [41]. In addition to microeconomic factors, macroeconomic factors are also discussed in this research, including gross domestic product and inflation. [29]Gross domestic product is the total value of the production of goods and services in a country for one year. While inflation is a process of increasing prices in general and continuously. Macroeconomic factors or technical factors are related to external companies that have an influence on the ups and downs in the company's performance both directly and indirectly[33].

C. Gross Domestic Product (GDP) on Stock Price

In theory, stock prices on economic growth can be obtained through relationships with wealth, rising stock prices, and future wealth signals for investors and households holding shares. Increased wealth can increase households, which in turn can increase gross domestic product and economic growth [1]. [34] q-Tobin theory explains that if stock prices are high, the ratio value between the company's market price and the cost of capital replacement is high, ultimately increasing investment and aggregate yields. An increase in aggregate yield can lead to an increase in economic growth. GDP is produced by production units within the borders of a country in the form of goods and services within a certain time period, which is considered of the most economic statistics because it is the best measurement for people's prosperity [38] Rising GDP can be said to be a good signal for investment and vice versa. An increase in GDP has a positive effect on consumer purchasing power, thereby increasing demand for company products, and it will increase the company's stock price[11] GDP is an important variable that affects stock prices, this is also supported by research [38]; [29]; [30]) which states that GDP has a positive influence on stock prices.

H1: Gross domestic product has a positive and significant effect in stock prices.

D. Return on Equity (ROE) on Stock Price

In Return on Equity (ROE) theory has a positive influence on stock prices, because if ROE is high, the company will have the ability to distribute fairly high dividends, and the higher the return the company produces, the higher the share price will be. Making every increase in ROE will definitely increase the confidence of investors in the company[5]). [24], ROE is used to measure the rate of return of the company or the effectiveness of the company in generating profits which are the rights of the owners of capital. [5]) States that ROE is calculated as net income after tax divided by total shareholder equity. If the company benefits from the use of capital effectiveness then the value of the company is indicated by the value of the stock price will increase as well, the results of this research indicate that there is a positive relationship between ROE with the company's stock price. This is supported by research conducted by [8] and [20] who stated that ROE has a positive influence on stock prices.

H2: Return on Equity has a positive and significant effect on stock prices

E. Earning per Share (EPS) on Stock Price

In theory, if Earning per share (EPS) is large, it will provide large profits for investors, so investors are interested in buying shares, because this ratio is used to show the amount of money generated from each common stock [38]. [26]If the amount of money produced by a company increases, the value of the company indicated by the share price will increase as well. [22] In their research stated that EPS is generally considered as the most important factor in determining stock prices. In this research shows that most individual investors make their individual investment decisions based on EPS. EPS shows the amount of net income that is ready to be distributed to shareholders and can be calculated by dividing net income by the number of shares outstanding [20]. The higher the EPS value can be interpreted that the greater the profit provided to shareholders, this means that the amount of EPS indicates that the company can provide a level of prosperity to shareholders, on the contrary to a small EPS indicates that the company failed to provide a level of prosperity to shareholders ([42]. look for EPS that increases from time to time, therefore seeing an increase or decrease in EPS from year to year is an important measure to know whether or not work done by the company. EPS has a positive and significant relationship to the company's stock price.

H3: Earning per Share (EPS) has a positive and significant effect on stock prices.

F. Inflation Moderates Earning per Share on Stock Prices

Inflation affects the performance of the stock market because it causes a difference between real and nominal interest rates, accordingly changing the spending and savings behavior of individual companies and the government. Unexpected changes in the inflation rate can make it difficult for companies to plan which will hamper growth and innovation [16]. Inflation in Indonesia still tends to fluctuate, mainly influenced by the supply side related to production, distribution and government policy disruptions. To reduce inflation at a low and stable level, it is necessary to have support from the government which has the authority to overcome supply-related disorders, including those related to food price excitement and government-regulated prices [41]. This can cause inflation to affect company earnings. [25]That the impact of inflation has the potential to affect company earnings. [41]The impact of high and unstable inflation can reduce consumer purchasing power and reduce the competitiveness of national products. High inflation makes production costs high so that national production goods become uncompetitive, both for domestic consumption and for export, for economists the impact of inflation is seen as costs incurred on the macro economy. This means that inflation affects the income or profit distributed to investors, where the size of the profit will indirectly affect the decision of investors, in buying or selling shares, then inflation affects stock prices in other words inflation which is moderated by earning per share has an influence on stock price. Investors can weigh the behavior of stock prices by observing the level of inflation in a country. Investors must participate more in the market when there is an economic explosion and prices rise, specifically investors will maximize returns if they buy during the economic downturn and sell during the substantial, this kind of behavior also helps strengthen the stability of the stock market and the economy [29]. [10]That there is a negative relationship between inflation and stock prices, inflation affects stock prices in two ways, first inflation impacts the potential future earnings of companies, both investors adjust their discount rates for future cash flows, which shows that inflation causing relatively lower stock price stability and higher uncertainty in investment and production. This leads to a negative relationship between inflation uncertainty and real economic activity due to stock prices are a reflection of future economic activity. [30]Their research also said that there was a negative relationship between inflation and stock prices, and explained that an unanticipated rise in inflation could reduce corporate equity values and reduce the real value of the depreciating tax shield. High inflation can reduce wealth and reduce purchasing power in a certain period of time, it will reduce the expected real returns on shares.

H4: Inflation which negatively moderates Earning per Share to stock prices

G. Research methods

The design used in this research is a quantitative approach because it requires a systematic approach to the relationship between variables that emphasizes hypothesis testing using statistical tools to conduct the test. The variables used in this research are four variables consisting of one dependent variable namely Stock Price (SP) and three independent variables namely Gross Domestic Product (GDP), Return on Equity (ROE) and Earning per Price (EPS) by moderating inflation in Earning per Share on stock prices. The operational definitions and measurement scales of the research variables can be seen in Table 1 below. Purposive sampling data collection techniques with the population used in this research were fifteen consumer goods companies that published financial statements and were listed on the Indonesia Stock Exchange from 2014 to 2018, consisting of 6 food and beverage companies, 2 cigarette companies, 5 pharmaceutical company and 2 cosmetic companies. The data used is a combination of data between companies (cross section) and between time (time series) which is also called pooled data. The data used in this research are secondary data obtained from the Indonesia Stock Exchange (http://www.idx.co.id) and also the websites of each company. Testing in this research was carried out with the help of the SPSS22 software program. Hypothesis testing uses multiple linear regression. Then the regression results that have been obtained are performed a classic assumption test, which consists of a normality test, a multicollinearity test, an autocorrelation test, and a heteroscedasticity test. The classic assumption test is used to show that the relationship between the dependent variable and the independent variable is BLUE (best linear unbiased estimator) and there is no problem of data not normally distributed, multicollinearity, heteroscedasticity, and autocorrelation between the independent variables in the regression. A regression model is said to meet the requirements as a good empirical model if it has successfully passed a series of classic assumption [32]. Figure 1 shows Research Conceptual Framework Model.

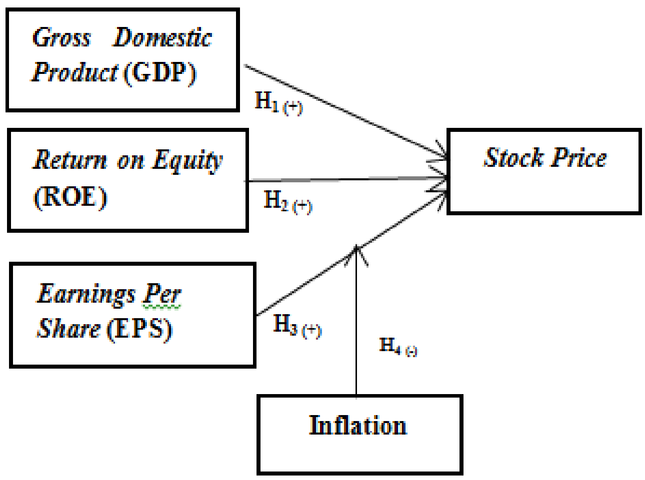

Figure 1. Research Conceptual Framework Model

3. RESULT AND DISCUSSION

In this research the objects of research were fifteen consumer goods companies listed on the Indonesia Stock Exchange in 2014-2018. The data regression method used in this research is based on multiple linear regression analysis. In multiple linear regression there are classic assumption tests that must be met, namely normal distributed residuals, the absence of multicollinearity, the absence of heteroscedasticity, and the absence of autocorrelation in the regression model. The results of the classic assumption test can be seen in Table 1 below.

Table 1. Classical Assumption Test Results

Classic assumption test	Results	Information
Normality	The points follow the diagram lines	Normally distributed
Multicollinearity	VIF < 10	Trouble free multicollinearity
Heteroscedasticity	Do not form patterns	Free from heteroscedasticity
Autocorrelation	-2<0.387<+2	Trouble free autocorrelation

In table 1. above it has been proven that the residual normality test using the graph method is normally distributed which is caused by the points spreading around the line and following a diagonal line, this indicates that the residual value is normally distributed. In the multicollinearity test the method used is by looking at the value of tolerance and Inflation Factor (VIF) in the regression model, the results obtained indicate a tolerance value of more than 0.1 and a VIF value of less than 10, then concluded that there is no multicollinearity problem in the regression model. Then the heteroscedasticity test results show that the points do not form a pattern on scatterplots which means free from the problem of heteroscedasticity seen from the Glejser test. Furthermore, in the autocorrelation test using the Durbin-Watson test (DW Test), DL results obtained -2<0.387<+2, which means that there is no autocorrelation problem. This result shows a normality of the data shows that the data can be continued with multiple linear regression tests. The results of multiple linear regression tests can be seen from Table 2. below.

Table 2. Multiple Linear Regression Test Results

Variable	Coefficient	Std. Error	t-Statistic	Prob	Information
GDP	32104,845	22678,057	1,416	0,161	Rejected
ROE	328,155	70,800	4,635	0,000	Accepted
EPS	8,454	2,272	3,720	0,000	Accepted
EPSINF	-1,016	0,317	-3,205	0,002	Accepted

In Table 2 above shows that multiple linear regression analysis on the independent variable of the dependent variable with the following regression equation:

$$SP = -158796.221 + 32104.845\ GDP + 328.155\ ROE + 8.454\ EPS - 1.016\ EPSINF \quad (1)$$

Based on Table 2 above, we get the estimated return on equity variable with a coefficient of 328.155 and earnings per share with a coefficient of 8.454, both of which have a positive and significant effect on stock prices with profitability <0.05. While earnings per share moderated by inflation with a coefficient of -1.016 have a negative and significant effect on stock prices. However, the gross domestic product variable with a coefficient value of 32104.845 is positive and has no significant effect on stock prices. From the results of this multiple linear regression test the data can be continued with the hypothesis test, if the value of the independent variable is 0 then the value of the stock price is the value of the constants. If the gross domestic product has an increase of 1 and other variables have a fixed value, the share price will increase by Rp. 32104,845. If return on equity has an increase of 1 and other variables are of a fixed value then the share price rises by Rp. 328,155. If the earning per share has an increase of 1 and other variables have a fixed value, the share price rises by Rp. 8,454. If earnings per share moderated by inflation have increased by 1, then the share price will decrease by Rp. 1,016.

A. Gross Domestic Product (GDP) on Stock Prices

Empirical results show that Gross Domestic Product has a positive and not significant effect on stock prices. Different results were carried out by [29]; [37]; [28] which prove that gross domestic product has a positive and significant influence on stock prices. [37]Increasing GDP is a good (positive) signal for investment and vice versa. An increase in GDP has a positive effect on consumer purchasing power, thereby increasing demand for company products, and it will increase company profits and ultimately escalate company stock prices.[21]Two-way causality between stock prices and GDP but there is no causal relationship between stock prices and GDP, the fact that stock prices reflect investor expectations through corporate economic fundamentals. A high level of economic growth will cause an increase in company income and higher income will drive stock prices. States that stock prices and GDP have a relationship in the future, caused by changes in information about the future of GDP can make stock prices change on the stock market today and says that changes in stock prices regardless of source. The GDP will be reduce the position of the company's assets and affect the cost of loans when costs are higher for companies to borrow money, they borrow and invest less, GDP growth slows. Changes in information about future GDP programs can cause prices to change in the stock market. This explanation shows that although stock prices are used to predict future economic activity, actual causality comes from future GDP growth in current stock prices. Other studies reveal that GDP can only be seen for economic activity, and more influential on stock prices is the economic growth of companies [45] while the results of this research indicate that GDP has a positive and not significant effect on stock prices in the consumer goods sector, this can prove that companies in the consumer goods sector listed on the Indonesian stock exchange have dynamic capabilities so that changes in the value of GDP do not affect prices company sector shares. Dynamic capabilities as a constant orientation of corporate behavior to integrate, reconfigure, update, re-create resources and capabilities, and most importantly, enhance and reconstruct their core capabilities in response to changing environments to achieve and maintain competitive advantage. [43] there are three main component factors of dynamic capabilities, namely adaptive ability, absorbing ability and innovative ability. Adaptive ability is defined as the company's ability to identify and take advantage of emerging market opportunities. Ability to absorb refers to the capacity of absorption namely the company's ability to recognize the value of new external information assimilate and absorb it in commercial purposes. Companies with higher absorbing abilities demonstrate stronger learning abilities from partners integrate external information and turn it into knowledge that is adjustment in the company. The innovative capability refers to a company's ability to develop new products and markets, through aligning strategic orientation with innovative behaviors and processes. The company's innovative capabilities are an important factor for the company's evolution regarding external information, competition and change. The more innovative a firm is, the more it possesses dynamic capabilities.

B. Return on Equity (ROE) on Stock Prices

Empirical results show that return on equity has a positive and significant effect on stock prices. Empirical results are the same as the results of research conducted by [3]; [6]; [15] and [20] which proves that return on equity has a positive and significant effect on stock prices [5] Shows a positive relationship with stock prices, because if the return on equity is high, the company will have the ability to share fairly high dividends, and the higher the return the company produces, the higher the holdings price will be. Making every increase in ROE will definitely increase the trust of investors in the company. The results of research[20] show the same thing as a positive and significant relationship between ROE and stock prices, his research explains that if a company utilizes funds provided by shareholders efficiently it will have a positive impact on stock prices or have a negative impact on stock prices. In a research conducted [24] also showed positive and significant empirical results between ROE and stock prices, and stated that the relationship of ROE to stock prices is used in stock investments, investors will consider how the returns are will be given by the company if he invests his shares. The higher the return, the more attractive it will be to investors that the share price will be raised.

C. Earnings per Share (EPS) on Stock Prices

Earnings per share have a positive and significant effect on stock prices. The empirical results are the same as the results of a research conducted by [42]; [26]; [2]; [38]; [8]. [20], [31] which in their research showed that earnings per share had a positive and significant relationship to the company's stock price. The higher the value of EPS can be interpreted that the greater the profit provided to shareholders, this proves that the amount of EPS indicates that the company can provide a level of prosperity to shareholders, whereas a small EPS indicates that the company failed to provide a level of prosperity to shareholders [42] [31]. in his research said EPS has a very strong positive impact on stock prices and assumes that for every change in the value of EPS, there will be an increase or decrease in stock prices.

D. Inflation Moderates Earning per Share on Stock Prices

Earnings per share moderated by inflation have a negative and significant effect on stock prices. These empirical results are similar to the research conducted which says that there is a negative relationship between inflation and stock prices. [25] Impact of inflation has the potential to affect company earnings. [40]The impact of high and unstable inflation can reduce consumer purchasing power and reduce the competitiveness of national products. High inflation makes production costs high so that national production goods become uncompetitive, both for domestic consumption and for export, for economists the impact of inflation is seen as costs incurred on the macro economy. This means that inflation affects earnings income distributed to investors, the size of the profit will indirectly affect the decisions of investors, in buying or selling shares, then inflation affects stock prices in other words inflation moderated by earnings per share has an influence on stock prices . Investors can weigh the behavior of stock prices by observing the level of inflation in a country. Investors must participate more in the market when there is an economic explosion and prices rise, specifically investors will maximize returns if they buy during an economic downturn and sell during a substantial. This kind of behavior also helps strengthen the stability of the stock market and the economy [8]

4. CONCLUSIONS

This research aims to look at the relationship between macro and microeconomic variables on the stock prices of fifteen consumer goods companies that publish financial reports and are listed on the Indonesia Stock Exchange from 2014 to 2018, which consists of 6 food and beverage companies, 2 companies' cigarettes, 5 pharmaceutical companies, and 2 cosmetic companies. The independent variable gross domestic product, return on equity, and earnings per share with the dependent variable stock prices and adding inflation moderation to earnings per share of stock prices. In this research microeconomic variables are more influential on changes in stock prices in the consumer goods sector and empirical results indicate that the variable return on equity and earnings per share both have a positive and significant effect on stock prices while earnings per share moderated by inflation have a negative and significant effect on stock prices. However, the gross domestic product variable is positive and has no significant effect on stock prices. In the consumer goods sector, it is expected to increase profitability again to be able to provide profit sharing to investors consistently or more to be able to increase share prices. Investors must be able to ensure and expect a fair and consistent return or distribution of profits, and be able to see the company's prospects and evaluate the fair price of company shares for a future picture based on the variables in this research. For further research, it can examine stock prices with other micro and macroeconomic variables such as return on assets, price book value, and dividends per share, interest rates, and exchange rates and so on. The time period of the research can also be increased because this research only uses 5 years data, for that it can be increased from 10 to 15 years, so the results can be more valid and reliable. And researchers can then analyze fundamentally and technically then change or add other sectors.

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