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ABSTRACT

This research is entitled with The Analysis of relationship and Influence of Macroeconomic Variables to Stock Returns in Banking Industry in Indonesia Stock Exchange for Period 2003-2008

This research is intended to obverse the relationship and influence of macroeconomic variables both individually and together on stock return in banking industry in Indonesia Stock Exchange during 2003-2008.

Identified by twelve (12) macro-economic variables considered to affect stock returns, namely Inflation, SBI Rate, Money Supply, Exchange Rate, Gross Domestic Product, Current Transaction, Reserve Requirement, Net Foreign Buying, Dow Jones Indexes, Hang Seng Indexes, Fed Rate, Crude Oil Price. Observations made during the 6 years (2003-2008) with a quarterly time frame. Realizing that among the macroeconomic variables tend to be interconnected, so in this research applied a multiple linear regression analysis that comply to the classical assumptions test (multicollinearity, heteroscedasticity, and autocorrelation) for criteria Best Linear Unbiased Estimator (BLUE).

From the analysis performed the results that obtained there are three macroeconomic variables that have positive correlation to stock return in banking industry, they are: Net Buying Asing, Dow Jones Indexes, and Hang Seng Indexes. And all macroeconomic variables have a significant influence on stock returns in banking industry.

Keywords: Stock Return, Stock Exchange, Macroeconomic Variables, Multiple Linear Regressions.