

ABSTRACT

This study aims to analyze the effect to financial ratios on stock returns. The independents variables used in this research are the current ratio, return on assets, and debt equity ratio, while stock return serves as the dependent variable. In addition, firm size is included as moderating variabel to examine whether company size strengthens or weakens the influence of financial ratios on stock returns.

The population of this study consist of all companies listed on the stock exchanges of the ASEAN-5 Countries. The sample focuses on manufacturing sector companies during the 2019-2024 period, resulting in 349 time-series observations. The analytical techniques employed include panel data classical assumption tests, hypothesis testing, derermination coefficient analysis, and moderation testing.

The findings reveal that return on assets has a positive and significant effect on stock returns. This result indicates that a company's profitability can provide a positive signal to investors, thereby supporting the perspective purposed in signaling theory.

Keywords : *Current Ratio, Debt Equity Ratio, Firm Size, Return on Asset, Stock Return*

