

ABSTRACT

Indonesia as one of the largest mineral producing countries in the world, the results of a huge mining products in Indonesia has made mining sector one of the most active sector in the stock market. This makes investors want to invest in the mining sector in Indonesia. This study aims to find out how much macroeconomic factors that affect the mining sector stock returns. Macroeconomic factors that will be examined is oil prices, inflation, sbi interest rates, exchange rate, is the macroeconomic variable that can affect the mining sector stock returns.

The sample used in this study is a secondary data of mining stocks closing price, the world oil prices (West Texas Intermediate), inflation, sbi interest rate, exchange rate in 2003-2013. The analysis used in this study included stationary test, the estimated GARCH-M (0.2), akaike information criterion test, Schwarz information criterion test, significance test, coefficient sign test, ARCH effect test, Z-statistic test, coefficient of determination test (R^2).

The results of GARCH-M (0.2) estimated are world oil price (West Texas Intermediate) has a positive and significant effect on stock returns of the mining sector, exchange rate has a negative and significant effect on stock returns of the mining sector. While inflation and sbi interest rate has no significant effect on stock returns of the mining sector.

Keywords: Mining sector, Oil Price, Inflation, Interest Rate, Exchange Rate, Stock Returns, GARCH-M (0.2).