

ABSTRACT

The background of this research is the fluctuation of economic condition in this country and existing research in former have inconsistencies.

This research performed in order to test influence of fundamental factors and market capitalization toward stock return of manufacture companies that listed in Indonesia Stock Exchange for period 2002-2006.

Sampling technique used in the research is purposive sampling with criteria as (1)listed in Indonesia stock Exchange in 2002-2006.(2) always seen annual financial report over period 2002-2006. (3)always have gain. (4)not have negative equity. Data that needed in this research taken from Indonesian Capital Market Directory (ICMD) 2002-2006 was acquired 49 sample company. Data analysis with multiple regressions. Hypotheses test used t-statistic and f-statistic at level significance 5%. A classic assumption examination which consist of data normality test, multicollinearity test, heteroskedasticity test and autocorrelation test is also being done to test the data.

Based on the result of this research, classic assumption has not founded, this indicate that available data has fulfill the condition to use multiple regression model. Empirical evidence of analysis show as return on asset (ROA), Price to book value(PBV) and Market capitalization have significant effect towards stock return at level of significances less than 5% (as 1,2% , 2,6% and 0,8% respectively). And Net profit Margin (NPM), Debt to Equity Ratio (DER) don't have significance effect toward stock return. While five independent variable (return on asset, net profit margin , debt to equity ratio, price to book value and market capitalization) also have influence toward stock return at level of significances less than 5% (as 0,000%), with predicted power as 8,8%. Result of this research indicate that fundamental factor performance (return on asset,price to book value and market capitalization) used by investor to predict stock return of manufacture company that listed in Indonesia Stock Exchange ata period 2002-2004.

Keywords : stock return, fundamental factor and market capitalization