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# ABSTRACT

Research on determinant variables of rate of return has frequently been undertaken, generally with the conclusion that stock risk is very dominant for an investor in making investment decisions in the capital market. But there is another factor that also needs to be considered, stock liquidity.

The purpose of this research is to test how systematic risk and stock liquidity, measured by the size of the spread between the bid and asked prices, influence stock returns of public companies listed on the Indonesian Stock Exchange and to know proportion of each variable's influence on the return of individual stocks. The results from this study show that systematic risk and stock liquidity, measured by the size of the spread between the bid and asked prices, had a significant effect on the return of individual stocks of public companies in Indonesia.

Hypothesis tests for each variable showed that systematic risk had a greater effect on
returns than stock liquidity.

**Keywords :** stock return, return on assets, earning per shares, dividend payout ratio, kurs, systematic risk