

The effect of the rupiah exchange rate and return on assets on the stock prices of manufacturing companies listed in the LQ45 index during the 2020–2024 period



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ABSTRACT

This study examines the influence of the rupiah exchange rate and Return on Assets (ROA) on the stock prices of manufacturing companies included in the LQ45 index on the Indonesia Stock Exchange during the 2020–2024 period. In an increasingly volatile macroeconomic environment, understanding the determinants of stock price movements is essential for investors and corporate decision-making. Employing a quantitative research design, the study utilizes secondary data obtained from company financial statements, Bank Indonesia, and the Indonesia Stock Exchange. Data analysis was conducted using multiple linear regression to assess both partial and simultaneous effects of the independent variables on stock prices. The findings reveal that the rupiah exchange rate does not have a significant partial effect on stock prices, indicating that short-term currency fluctuations may not directly drive investor valuation in the observed firms. In contrast, ROA shows a significant but negative effect on stock prices, suggesting that higher accounting returns do not necessarily translate into higher market valuations within the sampled period. However, when examined jointly, both macroeconomic and firm-level financial variables significantly influence stock prices, explaining approximately 18.6% of their variation. These results highlight that stock price movements are shaped by a combination of internal financial performance and external macroeconomic conditions, as well as broader market sentiment factors. The study emphasizes the importance of maintaining macroeconomic stability alongside sound corporate financial management to support stock performance in the manufacturing sector. It also suggests that future research should incorporate additional internal and external determinants to provide a more comprehensive explanation of stock price dynamics in emerging capital markets.

Keywords: LQ45; Return on Assets; Rupiah Exchange Rate; Stock Price



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INTRODUCTION

The capital market plays a very important role in a country's economy because it serves as a means of investment for the public and a source of funding for companies (Wijaya & Priana, 2023). Through the capital market, companies can obtain capital to develop their business activities, while investors have the opportunity to earn profits through dividend distributions and share price increases. Thus, the existence of a stable and efficient capital market is an important indicator in supporting national economic growth (Satriyo et al., 2021; Wijaya & Priana, 2023).

Capital market dynamics are inseparable from macroeconomic conditions. Fluctuations in key indicators, such as exchange rates, inflation, and interest rates, directly shape investor expectations and influence stock price movements (Satriyo et al., 2021). According to Hamamah (2024), these variables significantly determine investor confidence and market liquidity. Likewise, Meliza and Faradilla (2025) emphasize that both global and domestic macroeconomic shifts exert immediate effects on investment behaviour within the capital market.

The onset of the COVID-19 pandemic in early 2020 posed a major economic shock worldwide, including in Indonesia, resulting in contractions in industrial activity, weakened demand, and heightened volatility in financial markets. As noted by Wijaya and Priana (2023), the subsequent years, 2021 to 2024 saw gradual recovery driven by export growth, fiscal stimulus, and improved household spending. Nevertheless, the rebound remained fragile due to persistent global challenges, including rising inflationary pressures and exchange rate volatility (Meliza & Faradilla, 2025).

According to Sidabariba (2024), as a major contributor to Indonesia's GDP and export performance, the manufacturing sector plays a vital economic role. However, it is also particularly vulnerable to macroeconomic disturbances. For instance, depreciation of the rupiah increases import costs for raw materials, while elevated inflation suppresses consumer purchasing power and raises production expenses. Consistent with findings by Aliyansyah and Hermawan (2020) and Sidabariba (2024), such pressures can dampen firms' financial performance and subsequently weaken their stock valuation in the capital market.

The LQ45 Index serves as a principal benchmark for Indonesia's stock market performance, consisting of highly liquid companies with strong fundamentals and large market capitalization (Satriyo et al., 2021; Wijaya & Priana, 2023). This index is frequently used to capture general market movements and evaluate the performance of sectors such as manufacturing, which holds substantial economic weight (Yunida et al., 2024; Dinata et al., 2024). During the 2020–2024 period, however, stock prices within this index fluctuated sharply due to pandemic-related disruptions and broader global economic uncertainties, as highlighted by Satriyo et al. (2021) and reinforced by Wijaya and Priana (2023).

Beyond external macroeconomic forces, internal corporate factors also shape stock price behaviour (Fadhil, 2023; Sinaga et al., 2023). One critical indicator is Return on Assets (ROA), which reflects a firm's ability to efficiently utilize its assets to generate profits. Paramayoga and Fariantin (2023) said that a higher ROA often signals managerial effectiveness and tends to attract investor interest. This relationship is supported by several studies, Fadhil (2023), Paramayoga and Fariantin (2023), and Sinaga et al. (2023), which collectively demonstrate that ROA plays a substantive role in influencing investor valuation and stock performance.

Between 2020 and 2024, ROA levels among LQ45 manufacturing companies moved in line with Indonesia's broader economic cycle, from contraction during the

pandemic to moderate recovery thereafter (Agustina et al., 2024). For instance, certain consumer-goods firms initially performed relatively well but later experienced declines, while agricultural-based issuers such as Japfa and Charoen Pokphand improved in 2023–2024. These patterns correspond with empirical findings reported by Dinata et al. (2024) and Agustina et al. (2024).

Taken together, the fluctuation of stock prices and ROA in the manufacturing sector underscores the influence of macroeconomic stability as well as firms' capacity to adapt to global shifts. As noted by Riandy (2022), ROA is a key determinant of a firm's financial health and market valuation. Similarly, research by Setiandy and Buchory (2025) and Zakaria (2021) confirms that analysing internal financial indicators, particularly ROA, provides meaningful insights into stock price movements among LQ45 issuers.

Although numerous studies have examined the relationship between macroeconomic variables and stock prices, most have focused separately on external factors such as inflation and exchange rates (Hamamah, 2024; Wijaya & Priana, 2023) or internal factors such as Return on Assets (ROA) (Fadhil, 2023; Sinaga et al., 2023; Zakaria, 2021). Research that simultaneously investigates these factors within LQ45 manufacturing companies during the post-pandemic period remains limited. Therefore, this study aims to analyze the effects of inflation, exchange rates, and ROA on the stock prices of manufacturing companies listed in the LQ45 Index from 2020 to 2024. The findings are expected to enrich the literature on stock price determinants and provide useful insights for investors, corporate managers, and policymakers in understanding stock market performance during the economic recovery period.

LITERATURE REVIEW, RESEARCH FRAMEWORK, AND HYPOTHESIS

Financial Management

Financial management is a field of managerial science that examines how firms acquire, allocate, and utilize funds effectively to achieve organizational objectives (Fadhil, 2023; Zakaria, 2021). It encompasses core activities such as financial planning, budgeting, controlling, and decision-making aimed at maximizing firm value and shareholder wealth (Dinata et al., 2024; Paramayoga & Fariantin, 2023). Scholars emphasize that financial management goes beyond cash handling, as it integrates investment strategies, financing structures, and dividend policies that collectively influence corporate value creation (Fadhil, 2023; Paramayoga & Fariantin, 2023).

The discipline encompasses three central decision areas: investment, financing, and dividend decisions (Zakaria, 2021; Dinata et al., 2024). Investment decisions concern the selection of assets or projects capable of generating returns that compensate for associated risks (Fadhil, 2023; Zakaria, 2021). Financing decisions involve determining the optimal capital structure, whether through debt or equity sources, while dividend decisions relate to the allocation of profits between shareholder distribution and retained earnings for reinvestment (Zakaria, 2021; Dinata et al., 2024). As noted by Zakaria (2021), these decisions are interdependent and must be aligned to achieve the overarching goal of firm value maximization. Similarly, Dinata et al. (2024) explain that integrated financial decisions directly influence market valuation and investor perception.

Capital Market & Stock Prices

The capital market holds a vital position in the modern economy as a platform that channels long-term funds from the public to support business expansion (Wijaya &

Priana, 2023; Meliza & Faradilla, 2025). According to Indonesian Capital Market Law No. 8/1995, capital market activities include public offerings, securities trading, and the operation of supporting institutions and professions. Consequently, the market serves as a meeting point between investors providing capital and issuers requiring financial resources. Previous evidence highlights that efficient capital markets contribute to increased liquidity and economic growth (Satriyo et al., 2021; Wijaya & Priana, 2023).

One of the key benchmarks in the Indonesian stock market is the LQ45 Index, which comprises 45 highly liquid stocks with strong fundamentals and large market capitalization. This index is widely used to evaluate capital market stability and acts as an important reference for investor decision-making. According to Meliza and Faradilla (2025), movements within the LQ45 index reflect overall market sentiment and macroeconomic conditions.

The manufacturing sector, in particular, possesses unique characteristics due to its reliance on substantial capital investment, high fixed operating costs, and sensitivity to economic fluctuations. Manufacturing issuers are often exposed to changes in interest rates, inflation, and exchange rates, making their stock performance more volatile than other sectors (Hamamah, 2024; Sidabariba, 2024). As a result, the sector's stock prices frequently respond to both domestic economic policies and global commodity price movements.

Stock prices themselves are shaped by supply and demand interactions and are influenced by two broad categories of variables: firm-specific fundamentals (such as earnings, ROA, DER, and dividend policy) and macroeconomic indicators (including inflation, interest rates, exchange rates, and GDP growth). This dual influence forms the basis on which investors assess a stock's intrinsic value, as demonstrated in empirical works by Riandy (2022) and Ayusafitri (2023).

Macroeconomic Environment

The macroeconomic environment represents the broader economic conditions affecting business activity and financial markets (Hamamah, 2024; Meliza & Faradilla, 2025). In capital market analysis, variables such as exchange rates, inflation, and interest rates play a decisive role in shaping stock price movements (Satriyo et al., 2021; Wijaya & Priana, 2023; Hamamah, 2024). These indicators serve as signals of economic stability and are integral to investor assessments of risk and future return prospects (Meliza & Faradilla, 2025; Setiandy & Buchory, 2025). According to Purba et al. (2024), stable inflation, a resilient exchange rate, and moderate interest rates tend to foster positive stock market performance by strengthening investor confidence. Conversely, macroeconomic instability increases uncertainty and risk perception, often causing stock price declines, a trend also highlighted by Setiandy and Buchory (2025).

Rupiah Exchange Rate

The exchange rate represents the price of one currency relative to another and reflects the comparative strength of a nation's economy in the global financial system (Aliyansyah & Hermawan, 2020). In Indonesia, the rupiah exchange rate, particularly against the US dollar, serves as a major indicator of economic credibility (Aliyansyah & Hermawan, 2020). Exchange rates can be categorized into nominal and real exchange rates. The nominal rate expresses prices without adjusting for inflation differences, whereas the real exchange rate accounts for relative price levels between countries and offers a more accurate picture of purchasing power and competitiveness (Aliyansyah & Hermawan,

2020). Researchers such as Aliyansyah and Hermawan (2020) note that real exchange rate adjustments significantly influence trade performance and investment flows.

Rupiah fluctuations occur through depreciation or appreciation. Depreciation reflects a weakening of the domestic currency, requiring more rupiah to purchase one US dollar, while appreciation indicates a strengthening currency. These fluctuations arise from multiple influences, including interest rate differentials, inflation levels, foreign capital movement, and monetary and fiscal policies (Meliza & Faradilla, 2025; Hamamah, 2024). Empirical findings consistently show that exchange rate volatility has a direct impact on corporate financial performance and stock valuation.

Return on Asstes (ROA)

Return on Assets (ROA) is a profitability ratio used to assess a company's ability to generate earnings from its total assets (Fadhil, 2023; Sinaga et al., 2023; Agustina et al., 2024). It indicates managerial efficiency in utilizing corporate resources to produce profits. Mathematically, ROA is calculated as (Fadhil, 2023 ; Riandy, 2022):

$$RoA = \frac{Net\ Profit}{Total\ Assets} \times 100\%$$

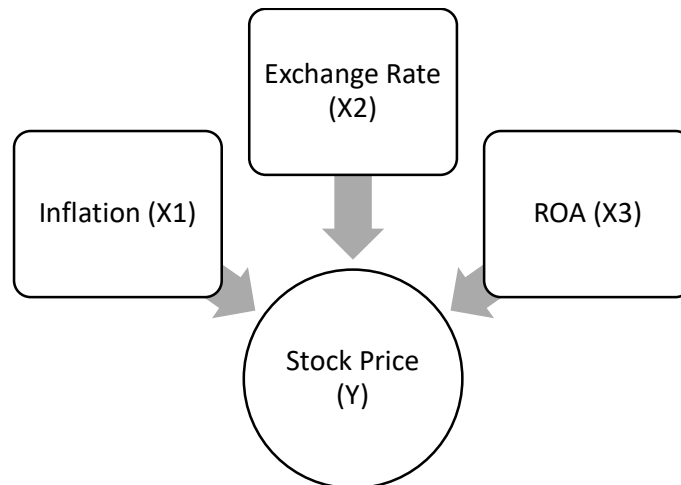
A higher ROA signifies stronger profitability and more efficient asset utilization, which enhances the firm's capacity to create economic value for shareholders (Fadhil, 2023; Paramayoga & Fariantin, 2023; Agustina et al., 2024). According to Sinaga et al. (2023), ROA is a critical fundamental indicator influencing investor decisions and stock price behaviour.

The theoretical link between profitability and firm value is grounded in the notion that company value is shaped by its ability to generate future cash flows. In line with this view, Riandy (2022) asserts that higher ROA signals robust financial performance and favourable business prospects, ultimately boosting market valuation. Recent studies, such as those by Agustina et al. (2024) and Fadhil (2023), reinforce that ROA is one of the most influential determinants of stock price movements in LQ45 companies.

Research Framework

Research on stock price determinants suggests that both macroeconomic and firm-specific factors influence investor valuation and market performance. Exchange rates and inflation represent external economic conditions that may affect production costs, purchasing power, and investment decisions, ultimately influencing stock prices (Hamamah, 2024; Wijaya & Priana, 2023). Meanwhile, Return on Assets (ROA) reflects a firm's profitability and managerial efficiency in utilizing assets to generate earnings, which is considered an important indicator in investors' assessment of firm value (Fadhil, 2023; Sinaga et al., 2023).

Based on the theoretical review and previous empirical findings, this study proposes that inflation, exchange rates, and ROA influence the stock prices of manufacturing companies included in the LQ45 Index during the 2020–2024 period. The conceptual framework is presented in Figure 1.



Source : Developed by the authors based on Hamamah (2024)

Figure 1
Research Framework

Hyphotesis

Based on the research framework, the hypotheses of this study are formulated as follows:

- H₁: Inflation has a significant effect on the stock prices of manufacturing companies listed in the LQ45 Index during 2020–2024.
- H₂: The rupiah exchange rate has a significant effect on the stock prices of manufacturing companies listed in the LQ45 Index during 2020–2024.
- H₃: Return on Assets (ROA) has a significant effect on the stock prices of manufacturing companies listed in the LQ45 Index during 2020–2024.
- H₄: Inflation, the rupiah exchange rate, and Return on Assets (ROA) simultaneously have a significant effect on the stock prices of manufacturing companies listed in the LQ45 Index during 2020–2024.

METHOD

This study adopts a quantitative approach to examine whether the independent variables exert a significant influence on the dependent variable. A quantitative design is appropriate for hypothesis testing and for explaining the causal relationship among measurable variables (Dinata et al., 2024; Yunida et al., 2024). As Creswell, as cited Yunida et al. (2024), emphasizes, quantitative research relies on numerical data, statistical testing, and objective measurement to ensure replicability and generalizability. Similarly, Sugiyono, as cited in Dinata et al. (2024), notes that quantitative methods are used to test predetermined hypotheses through empirical data analysis.

The study employs secondary data, obtained from the official websites of the Indonesia Stock Exchange (IDX), Bank Indonesia, and the Central Statistics Agency. Secondary data are widely used in financial and economic research due to their reliability and accessibility, particularly when analysing macroeconomic indicators and financial ratios (Ayusafitri, 2023; Purba et al., 2024).

Sampling was conducted using a purposive sampling technique with specific inclusion criteria. According to Paramayoga and Fariantin (2023), purposive sampling allows researchers to select units of analysis that possess characteristics relevant to the research objectives. The criteria applied in this study are : 1) manufacturing companies

consistently listed in the LQ45 index during the 2020–2024 period, and 2) companies that provide complete financial reports for the same period.

Based on these criteria, 10 manufacturing companies were selected as the research sample, aligning with previous studies that also focused on LQ45-listed firms (Dinata et al., 2024; Agustina et al., 2024; Fadhil, 2023).

To analyse the effect of the independent variables on stock prices, this study employs multiple linear regression analysis. Regression analysis is widely recognized as a robust method for measuring the magnitude and direction of influence among variables in financial research (Riandy, 2022; Hamamah, 2024; Meliza & Faradilla, 2025). The analysis includes both partial testing using the t-test and simultaneous testing using the F-test, following the methodological approach adopted in prior research on stock price determinants (Satriyo et al., 2021; Setiandy & Buchory, 2025).

Before conducting regression analysis, the dataset was examined using classical assumption tests to ensure the validity and reliability of the model (Riandy, 2022; Hamamah, 2024; Setiandy & Buchory, 2025). These tests include normality, multicollinearity, heteroscedasticity, and autocorrelation assessments. Such diagnostic procedures are essential to avoid biased estimations and are consistently employed in studies involving macroeconomic variables and corporate financial ratios (Aliyansyah & Hermawan, 2020; Sidabariba, 2024; Sinaga et al., 2023).

All statistical analyses were performed using SPSS version 22. This software is widely utilized in economic and management research due to its comprehensive capabilities in handling regression diagnostics and statistical modelling (Wijaya & Priana, 2023; Ayusafitri, 2023).

RESULTS AND DISCUSSION

Descriptive Statistics Test

Descriptive statistics is a statistical technique used to summarize and describe the characteristics of research data through measures such as the minimum value, maximum value, mean, and standard deviation. The purpose of descriptive statistics is to provide an overview of the distribution and variation of the observed variables before further analysis is conducted (Dinata et al., 2024; Ayusafitri, 2023). Table 1 presents the descriptive statistics results for the Exchange Rate, Return on Assets (ROA), and Stock Price variables during the 2020–2024 period.

Table 1
Descriptive Test Results

	N	Minimum	Maximum	Mean	Std. Deviation
X1	41	14311	15846	14992,15	555,823
X2	41	,93	20,99	6,6195	3,82286
Y	41	1180	12425	5742,44	3136,741
Valid N (listwise)	41				

Source : Processed by the authors using SPSS 22, 2025

Based on the descriptive statistics for 41 observations, the Exchange Rate variable shows a mean of 14,992.15 with a standard deviation of 555.823, indicating relative stability in the exchange rate during the 2020–2024 period. The ROA variable has an average of 6.6195% with a standard deviation of 3.82286, suggesting that while the companies generally generate profit efficiently from their assets, there is notable variation across firms. Meanwhile, Stock Price exhibits a high mean of 5,742.44 with a

standard deviation of 3,136.741, reflecting considerable fluctuation in stock prices, potentially due to both internal factors, such as profitability (ROA), and external factors, such as currency fluctuations (Aliyansyah & Hermawan, 2020; Ayusafitri, 2023).

Normality Test

The normality test is conducted to determine whether the residual values in a regression model are normally distributed. This test is important because normal distribution of residuals is one of the classical assumptions required for multiple linear regression analysis. In this study, the Kolmogorov–Smirnov (K–S) test is employed. The decision criterion states that if the significance value (Asymp. Sig.) is greater than 0.05, the data are considered normally distributed; otherwise, they are not normally distributed (Fadhil, 2023; Setiandy & Buchory, 2025). The results of the normality test are presented in Table 2.

Table 2
Normality Test Results

		Unstandardized Residual
N		41
Normal Parameters ^{a,b}	Mean	,0000000
	Std. Deviation	2828,634426
Most Extreme Differences	Absolute	,111
	Positive	,089
	Negative	,111
Test Statistic		-,111
Asymp. Sig. (2-tailed)		,200 ^{c,d}

a. Test distribution is Normal.

b. Calculated from data.

c. Lilliefors Significance Correction.

d. This is a lower bound of the true significance.

Source : Processed by the authors using SPSS 22, 2025.

The Kolmogorov-Smirnov test indicates that the Asymp. Sig. (2-tailed) value is 0.200, which is greater than 0.05. This confirms that the data are normally distributed, fulfilling the normality assumption for regression analysis (Fadhil, 2023; Setiandy & Buchory, 2025).

Multicollinearity Test

The multicollinearity test aims to determine whether there is a high correlation among the independent variables in the regression model. Multicollinearity may distort regression estimates and reduce the reliability of the model. This study uses the Tolerance and Variance Inflation Factor (VIF) values as indicators. A model is considered free from multicollinearity if the Tolerance value is greater than 0.10 and the VIF value is less than 10 (Riandy, 2022; Hamamah, 2024). The results of the multicollinearity test are presented in Table 3.

Table 3
Multicollinearity Test Results

Model		Collinearity Statistics	
		Tolerance	VIF
1	Exchange Rate	,986	1,014
	ROA	,986	1,014

a. Dependent Variable : Stock Price
 Source : Processed by the authors using SPSS 22, 2025

Based on Table 3, the Exchange Rate and ROA variables have a tolerance value of 0.986 (>0.10) and a VIF value of 1.014 (<10). Therefore, it can be concluded that there is no multicollinearity among the independent variables, indicating that the regression model satisfies the multicollinearity assumption.

The significance values of 0.834 and 0.529 (> 0.05) indicate that the regression model does not suffer from heteroscedasticity. This implies that the variance of residuals is constant across observations, meeting the classical assumption (Fadhil, 2023).

Heteroscedasticity Test

The heteroscedasticity test is used to determine whether the residual variance remains constant across all observations. A good regression model should exhibit homoscedasticity, meaning that the variance of residuals is constant. In this study, the Glejser test is applied. The decision criterion states that if the significance value is greater than 0.05, the model is free from heteroscedasticity (Fadhil, 2023; Riandy, 2022). The results of the heteroscedasticity test are presented in Table 4.

Table 4
Heteroscedasticity Test Results

Model		Coefficients ^a				
		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	745,809	8277,210		,090	,929
	Exchange Rate	,117	,556	,035	,211	,834
	ROA	-50,166	78,932	-,105	,636	,529

a. Dependent Variable : ABS_RES
 Source : Processed by the authors using SPSS 22, 2025

Based on the table of heteroscedasticity test results using the Glejser test above, the significance value (Sig.) of the Exchange Rate variable is 0.834 and the ROA variable is 0.529. Both significance values are greater than 0.05 (Sig. > 0.05), so it can be concluded that there is no heteroscedasticity in the regression model. This means that the residual variance is constant (homoscedastic) and this regression model meets the classical assumption of heteroscedasticity.

Autocorrelation Test

The autocorrelation test aims to examine whether there is a correlation between residuals in one observation and residuals in another observation. The presence of autocorrelation may lead to biased regression estimates. This study employs the Durbin-Watson (DW) test to detect autocorrelation. The regression model is considered free from autocorrelation when the DW value lies between the lower and upper critical limits,

generally approaching the value of 2 (Meliza & Faradilla, 2025; Setiandy & Buchory, 2025). The results of the autocorrelation test are presented in Table 5.

Table 5
Autocorrelation Test Results

<i>Model Summary^b</i>					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	,431 ^a	,186	,142	2939,798	1,931

a. Predicators : (Constant), ROA, Exchange Rate

b. Dependent Variable : Stock Price

Source : Processed by the authors using SPSS 22, 2025

The Durbin-Watson value of 1.931 lies within the acceptable range ($DU < DW < 4 - DU$, $1.6000 < 1.931 < 2.400$), suggesting that there is no autocorrelation among residuals. Therefore, the regression model meets the independence assumption (Meliza & Faradilla, 2025).

Multiple Linear Regression Test

Multiple linear regression analysis is a statistical method used to examine the effect of two or more independent variables on a dependent variable simultaneously. This technique enables researchers to identify both the direction and magnitude of the relationship between variables and to evaluate the contribution of each independent variable to the dependent variable (Riandy, 2022; Hamamah, 2024; Meliza & Faradilla, 2025). In this study, multiple linear regression is used to analyze the effects of Exchange Rate and Return on Assets (ROA) on Stock Price. The results of the regression analysis are presented in Table 6.

Table 6
Multiple Linear Regression Test Results

<i>Coefficients^a</i>						
Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	18195,855	12944,139		1,406	,168
	Exchange Rate	-,685	,869	-,118	-,789	,435
	ROA	-331,014	123,436	-,401	-2,682	,011

a. Dependent Variable : Stock Price

Source : Processed by the authors using SPSS 22, 2025

Based on the results of multiple linear regression tests in the table above, the following regression equation was obtained:

$$Y = 18195,855 - 0,685X_1 - 331,014X_2$$

The constant of 18,195.855 indicates the estimated stock price when Exchange Rate and ROA remain constant. The Exchange Rate has a negative but non-significant effect on Stock Price (Sig. 0.435 > 0.05), whereas ROA has a significant negative effect (Sig. 0.011 < 0.05). These results align with prior studies demonstrating that profitability measures, particularly ROA, can significantly influence stock prices (Dinata et al., 2024; Fadhil, 2023; Zakaria, 2021), whereas currency fluctuations may not always directly

affect stock prices for manufacturing firms (Aliyansyah & Hermawan, 2020; Hamamah, 2024; Meliza & Faradilla, 2025).

Partial Test (t-test)

The t-test is used to determine the partial effect of each independent variable on the dependent variable. The decision criterion states that if the significance value is less than 0.05 (Sig. < 0.05), the independent variable significantly affects the dependent variable, and the hypothesis is accepted. Conversely, if the significance value is greater than 0.05 (Sig. > 0.05), the variable does not have a significant effect, and the hypothesis is rejected (Fadhil, 2023; Dinata et al., 2024). The results of the partial test are presented in Table 7.

Table 7
Partial Test (t-test) Results

		<i>Coefficients^a</i>				
		Unstandardized Coefficients		Standardized Coefficients		
Model		B	Std. Error	Beta	t	Sig.
1	(Constant)	18195,855	12944,139		1,406	,168
	Exchange Rate	-,685	,869	-,118	-,789	,435
	ROA	-,331,014	123,436	-,401	-2,682	,011

a. Dependent Variable : Stock Price

Source : Processed by the authors using SPSS 22, 2025

The t-test confirms that the Exchange Rate does not significantly influence Stock Price, while ROA has a significant negative effect. This finding supports research suggesting that firm-specific financial performance indicators, rather than macroeconomic variables alone, are crucial determinants of stock prices (Dinata et al., 2024; Agustina et al., 2024; Fadhil, 2023).

Simultaneous Test

The F-test is conducted to determine whether all independent variables jointly have a significant effect on the dependent variable. The decision criterion states that if the significance value is less than 0.05 (Sig. < 0.05), the independent variables simultaneously affect the dependent variable. Conversely, if the significance value exceeds 0.05, the variables do not jointly affect the dependent variable (Ayusafitri, 2023; Setiandy & Buchory, 2025). The results of the simultaneous test are presented in Table 8.

Table 8
Simultaneous Test Results (F-test)

		<i>ANOVA^a</i>				
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	72856610,15	2	36428305,08	4,125	,022 ^b
	Residual	319769499,8	37	8642410,807		
	Total	392625810,0	39			

a. Dependent Variable : Stock Price

b. Predicators : (Constant), ROA, Exchange Rate

Source : Processed by the authors using SPSS 22, 2025

The F-test indicates that, simultaneously, Exchange Rate and ROA significantly affect Stock Price. This implies that while Exchange Rate alone may not be significant, its

inclusion with ROA improves the overall explanatory power of the model, consistent with prior findings emphasizing the joint impact of internal and external factors on stock performance (Ayusafitri, 2023; Setiandy & Buchory, 2025; Riandy, 2022).

The results show that ROA has a significant negative effect on stock prices in LQ45 manufacturing firms during 2020–2024. This could be attributed to investors' sensitivity to changes in profitability ratios: firms with higher ROA may experience stock price adjustments due to market expectations or dividend policies (Dinata et al., 2024; Zakaria, 2021). Conversely, the Exchange Rate does not have a significant effect on stock price, which may suggest that manufacturing firms in the sample have effective hedging strategies or that the exchange rate fluctuations were moderate and stable, as indicated by the descriptive statistics (Aliyansyah & Hermawan, 2020; Hamamah, 2024; Meliza & Faradilla, 2025).

Simultaneously, the model is significant, indicating that both variables collectively influence stock prices. This aligns with previous studies highlighting that while individual macroeconomic indicators may have limited influence, their combined effects, alongside firm-specific financial ratios, are substantial in determining stock performance (Fadhil, 2023; Setiandy & Buchory, 2025; Ayusafitri, 2023).

In conclusion, this study emphasizes the dominant role of internal financial performance (ROA) over external macroeconomic factors (Exchange Rate) in affecting stock prices for manufacturing firms listed in the LQ45 index, while acknowledging that the interaction of these variables collectively provides a significant explanation of stock price variations.

CONCLUSION AND SUGGESTION

Based on the findings of this study, it can be concluded that the Rupiah exchange rate does not significantly influence the stock prices of manufacturing companies listed in the LQ45 Index during the 2020–2024 period. This indicates that exchange rate fluctuations were not a primary consideration for investors in valuing manufacturing sector stocks during the observed period. In contrast, Return on Assets (ROA) was found to have a significant effect on stock prices, suggesting that a company's profitability remains an important factor influencing investor decisions and market valuation. Furthermore, the findings demonstrate that the Rupiah exchange rate and ROA jointly affect stock prices, indicating that both external macroeconomic conditions and internal financial performance contribute to stock price movements in manufacturing firms. Overall, this study highlights the greater importance of firm-specific financial performance, particularly profitability, compared to exchange rate fluctuations in explaining stock price variations among manufacturing companies included in the LQ45 Index.

Based on these findings, it is recommended that investors consider ROA as a key indicator when evaluating stock performance in the manufacturing sector, while also taking into account other financial and macroeconomic variables. For company management, maintaining balanced profitability and transparent financial reporting is essential to positively influence investor perceptions. Furthermore, future research could include additional variables, such as debt ratios, inflation, interest rates, or investor sentiment, and expand the study to other sectors to provide a more comprehensive understanding of the factors affecting stock prices.

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