He Effect Of Technical And Fundamental Analysis On Stock Prices

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Abstract This study aims to analyze the effect of technical and fundamental analysis on stock prices by conducting an empirical study on pharmaceutical sub-sector companies listed on the Indonesia Stock Exchange. Eight companies that meet the criteria were selected, and financial reports from 2017-2021 were used. This research uses descriptive analysis with quantitative data analysis in the form of descriptive statistics for each variable used. Technical analysis was performed using the Composite Stock Price Index and trading volume indicators, while fundamental analysis was performed using the Earning Per Share (EPS), Price Earning Ratio (PER), and Stock Price indicators. The research results showed that EPS and PER have a significant positive effect on stock prices, while the Composite Stock Price Index has a negative and insignificant effect, and the trading volume indicator has a positive and insignificant effect.

Keywords composite stock price index; trading volume; Earning Per Share; Price Earning Rasio; stock proce .

INTRODUCTION

Investment is one of the most important aspects of a nation's economic expansion in the current era of globalization. Investment is divided into two categories: financial investment and real investment. The growth of investment in a country is facilitated by the existence of a capital market that has many benefits for the economy. The capital market is a business that deals with securities trading, public companies and the securities they issue, institutions and professions dealing with securities, and public offerings. Both from the perspective of debt and equity instruments . The stock price is the present value or nominal value that will be received by the stock owner in the future. Fluctuations in stock prices occur due to the supply and demand forces of stocks. If there are more offers, the stock price will decrease. The more demand for stocks, the higher the stock price will be . Based on data cited by KSEI in December 2021, the number of capital market investors in Indonesia reached 7,489,337 investors, an increase of 92.99% from 3,880,753 in 2020. In addition, there were 6,840,234 mutual fund investors in 2021, which increased significantly compared to 2020 .

According to Ghobadi & Abdolbaghi (2014), technical analysis is one of the most common ways investors make investment decisions, which uses historical price data and other relevant information to predict future prices. On the other hand, fundamental analysis is done by studying parts of a company's performance and financial reports ,This study uses two variables each from technical and fundamental analysis. For technical analysis, it uses the Composite Stock Price Index (IHSG) and Trading Volume, while for fundamental

analysis, it uses Earning Per Share (EPS) and Price to Earning Ratio (PER). According to Putri & Mesrawati (2020), IHSG measures the investment condition of a country, indicating that investment will increase along with the Composite Stock Price Index and vice versa. If it falls, stock prices will decline, reflecting a deteriorating situation. According to Arifanisa & Nugraha (2017), stock trading volume is the ratio of the number of shares purchased to the number of shares outstanding at a given time. According to Kasmir (2016), Earning Per Share is a ratio used to assess management's ability to generate profits for shareholders. Price Earning Ratio is a ratio that shows the price investors are willing to pay for each rupiah of profit earned and is used by investors to estimate future growth prospects

This research is motivated by the research gap in Putri & Mesrawati (2020), Francis & Leri (2022) who found that IHSG has a positive and significant effect, while in the research of Tenriola (2017), Wijaya & Putri, n.d (2021.), Deby & Elsa, (2022) they found that the research results of IHSG have a positive but not significant effect on stock prices. In contrast to the research of Dewi & Rangkuti, (2020) which found that the research results of IHSG have a significant negative effect, while in the research of Christina et al., (2021) found that the research results of IHSG have no significant negative effect on stock prices. Based on the above explanation, this study aims to determine and analyze the influence of technical and fundamental analysis that can affect stock prices in pharmaceutical sub-sector companies listed on the Indonesia Stock Exchange. Therefore, the researcher is interested in conducting research with the title: "The Effect of Technical and Fundamental Analysis on Stock Prices (Empirical Study of Pharmaceutical Sub-Sector Companies Listed on the Indonesia Stock Exchange in 2017-2021)"

METHOD

In this study, secondary data in the form of annual reports and financial statements were used. These annual reports were obtained from the official website of the Indonesia Stock Exchange (IDX) www.idx.co.id or www.idnfinancials.com. This research uses descriptive quantitative research. The population in this study is pharmaceutical sub-sector companies listed on the Indonesia Stock Exchange, with the sample used in this study being pharmaceutical sub-sector companies listed on the Indonesia Stock Exchange in 2017-2021. The data sample size used in this study is 40, which is suitable according to the criteria of 8 companies using data from these companies for a period of 5 years from 2017 to 2021. In this study, the independent variables used are Composite Stock Price Index, Trading Volume, Earning Per Share, and Price to Earning Ratio, while the dependent variable is Stock Price for

investment decision making. This research uses multiple linear regression analysis because the author wants to know how the independent variables affect the dependent variable. Data analysis is performed using SPSS (Statistical Product and Service Solutions) software.

RESULTS AND DISCUSSION

Multiple linear regression analysis measured with SPSS in this study was used to test the effect of technical analysis using the Composite Stock Price Index (IHSG) and Trading Volume (VP) indicators and fundamental analysis using the Earning Per Share (EPS) and Price to Earning Ratio (PER) indicators on Stock Prices. The results of the analysis can be seen in the regression analysis results as follows.

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	67.101	67.708		.991	.328
	SQRT_IHSG_X1	-.060	.087	-.093	-.686	.497
	SQRT_VP_X2	.001	.000	-.169	-1.144	.260
	SQRT_EPS_X3	2.211	.597	.575	3.701	.001
	SQRT_PER_X4	.773	.243	.473	3.187	.003

If the significance value of the t-test is below or equal to 0.05, it is usually considered an indicator that there is a significant difference and we can reject the null hypothesis (H0). Conversely, if the significance value is greater than 0.05, we fail to reject H0. The t-test statistic results in this study can be seen in the following table:

Hipotesis	B	sig	Keterangan
SQRT_IHSG > SQRT_HS_	-.686	.497	berpengaruh negatif dan tidak signifikan
SQRT_VP > SQRT_HS	-1.144	.260	berpengaruh negatif dan tidak signifikan
SQRT_EPS > SQRT_HS	3.701	.001	berpengaruh positif dan signifikan
SQRT_PER > SQRT_HS	3.187	.003	berpengaruh positif dan signifikan

The coefficient of determination (R^2) measures how far the model's ability is in explaining the variation of the dependent variable:

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.617[a]	.381	.310	14.90017

Based on Table, the results of the coefficient of determination test show that the Adjusted R^2 value obtained is 0.310, which can be interpreted as the Composite Stock Price Index, Trading Volume, Earning Per Share, and Price to Earning Ratio variables are able to explain that the stock price variable is 31% with the remaining 69% influenced by other variables.

CONCLUSION

The regression analysis in this study shows that the Composite Stock Price Index (IHSG) has a regression coefficient value of -0.688 with a significance value of 0.497, so it can be concluded that IHSG has a negative and insignificant effect on stock prices. Trading Volume (VP) has a regression coefficient value of -1.144 with a significance value of 0.260, so it can be concluded that VP has a negative and insignificant effect on stock prices. Earning Per Share (EPS) has a regression coefficient value of 3.701 with a significance value of 0.001, so it can be concluded that EPS has a positive and significant effect on stock prices in the pharmaceutical sub-sector companies. Price to Earning Ratio (PER) has a regression coefficient value of 3.187 with a significance value of 0.003, so it can be concluded that PER has a positive and significant effect on stock prices in the pharmaceutical sub-sector companies.

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