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The Effect of Return On Equity, Debt To Equity Ratio And Current Ratio On Stock Returns With Inflation As A Moderating Variable In The Property & Real Estate Sector For The Period 2020-2022

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ABSTRACT

This research aims to determine whether there is a relationship between return on equity, debt to equity, and the current ratio of stock returns with inflation as a moderating variable. With a positive data collection strategy and a sample size of 70 companies in the property and real estate sector listed on the Indonesia Stock Exchange (BEI) for the 2020-2022 period. The statistical methods used in the analysis include: SEMP-PLS test, inner model test, and hypothesis test. Which shows the results that the variables ROE, DER, and CR have a negative and significant effect on stock returns, while the inflation variable cannot influence ROE, DER, and CR on stock returns in the property and real estate sector for the 2020-2023 period.

INTRODUCTION

The Indonesia Stock Exchange is a capital market in Indonesia. The Indonesia Stock Exchange has an important role as a means for the public to invest, which is one of the alternative investments. For companies, the IDX is to obtain additional capital by going public, namely the activity of offering shares or other securities carried out by issuers (companies that go public) to the public based on procedures regulated by the Capital Market Law and its Implementing Regulations.The capital market is a market for various long-term financial instruments that can be traded, both debt securities (bonds), stocks, mutual funds, derivative instruments and other instruments. The capital market is a means of funding for companies and government institutions, and as a means for investing activities. Thus, the capital market facilitates a variety of infrastructure and buying and selling activities and other related activities. Financial instruments traded in the capital market are long-term instruments (maturity of more than 1 year) such as stocks, bonds, warrants, rights, mutual funds, and various derivative instruments such as options, futures, and others. The Capital Market Law No.8 of 1995 defines the capital market as an activity related to the public offering and trading of securities, public companies related to the securities they issue, as well as institutions and professions related to securities.The capital market has an important role for a country's economy because the capital market carries out two functions, namely the first function as a means for business funding or as a means for companies to obtain funds from the investing community (investors). Funds obtained from the capital market can be used for business development, expansion, additional working capital, etc. Both capital markets are a means for people to invest in financial instruments such as shares, bonds, mutual funds, etc. In this way, the public can place the funds they have according to the profit and risk characteristics of each instrument.

From all the definitions of the capital market above, it can be concluded that the capital market is an organized financial system that brings together parties who offer and disburse funds and assets with a term of more than one year, either directly or through intermediaries. This is where market players, namely individuals or business entities who have excess funds, invest in securities offered by issuers. On the other hand, in that place, companies that need funds offer securities by listing them first with the authority body in the capital market as an issuer.In the capital market there are 12 sectors, namely the energy sector, raw goods sector, industrial sector, primary consumer goods sector, non-primary consumer goods sector, financial sector, health sector, technology sector, infrastructure sector, transportation and logistics sector, property and real estate sector , as well as listed investment products. The property and real estate sector that I will use in this research is because this sector is also one of the most important sectors in a country and also one of the sectors that is very important for human life. In carrying out daily activities, humans cannot be separated from this sector and that The most important thing is the house or apartment where you live. Property, especially housing, is a basic need, one of which is basic (primary) human need, in addition to the need for food and clothing, so that everyone must be related to this property sector. Investment in property and real estate is generally long term and will grow in line with economic growth and is a promising investment.

Reporting from CNBC Indonesia, the deputy minister of finance revealed that the property sector was one of the most heavily impacted at the start of the pandemic in 2020. A big impact could be felt, one of which was because people held back consumption of long-term necessities or assets such as property. Changes in people's attitudes occurred because the pandemic resulted in restrictions on economic, social and mobility activities. This has an impact on disrupting the stability of the national and household economy (www.cnbcindonesia.com).

The finance minister also said that rising inflation would make it increasingly difficult for people to buy houses. Due to high inflation, the central bank will respond by increasing interest rates, which has implications for increasing credit costs. While central banks in several countries have raised their benchmark interest rates in line with rising inflation, even though Bank Indonesia (BI) has not yet taken the same policy. However, when BI raises the benchmark interest rate in line with rising inflation, credit interest rates also rise, including home ownership credit (KPR) interest rates which will make the cost of buying a house more expensive (https://money.kompas.com). The following is a picture of the growth in the inflation rate for 2020-2022.

Figure 1 Growth Inflation Rate 2020-2022

Source: www.bi.go.id, 2023

Based on data from Bank Indonesia (BI), the inflation rate from 2020 to 2022 continues to increase every year. It was recorded that inflation in 2020 was 1.68%, in 2021 it was 1.87% and the rate of increase was quite significant in 2022, reaching up to 5.51%. It can be seen that since the beginning of 2022, inflation fluctuations have been relatively high and have exceeded inflation several times in 2020 when the Covid-19 pandemic occurred.

The share price is one of the things that investors consider when buying or wanting to own shares in a company, because if the share price movement increases from time to time, this can indicate that the company has successfully managed its business and can generate large profits. Before making an investment, investors need useful information to serve as a reference in choosing a company to invest in. The information needed by investors is grouped into two, namely fundamental information and technical information. Technical information is often used to predict stock prices. Meanwhile, fundamental information is information related to the company's condition which is generally shown in financial reports. Financial reports are also an important source of information for investors in making a decision to invest. The benefits of these financial reports are optimal for investors if investors can analyze them further through financial ratio analysis. One of the financial ratios that is often used is profitability, leverage and liquidity, which is an assessment of the internal performance of a company. The ratios used in this research are Return on Equity (ROE), Debt to Equity Ratio (DER), and Current Ratio (CR).

LITERATURE REVIEW

Signaling Theory

According to Fahmi in Putri (2014): "Signalling theory is a theory that explains investor responses to positive and negative signals that affect stock prices in the market". According to Hartono in Kobar, et al (2020): " Suggests that the publication of information by the company can be a signal for investors as a basis for determining decisions when investing ".

Stock Return

According to Jogiyanto (2021: 263): "Return is the result obtained from investment. Returns can be in the form of realized returns that have occurred or expected returns that have not yet occurred but which are expected to occur in the future." factors that affect stock returns consist of micro factors (internal environment) and macro factors (external environment). Micro factors are factors that are within the company which include: Net income per share, Book value per share, Debt to equity ratio, Other financial ratios. While macro factors are factors outside the company which include: domestic general interest rates, foreign exchange rates, inflation rates, and international economic conditions, non-economic macro factors which include domestic political events, foreign political events, wars, mass domination, and environmental cases (Suteja and Gunardi, 2016).

Debt To Equity Ratio

According to Harapanah (2020:303): "Debt To Equity Ratio is a ratio that describes the extent to which the owner's capital can cover debts to outside parties. The smaller this ratio the better." According to Saputri and Purbawangsa (2016:6): "Debt To Equity Ratio is used to see how much the company is financed by debt or external parties." According to Sujarweni (2018:111): "Debt To Equity Ratio is a comparison between debt and equity in company funding and shows the ability of the company's own capital to fulfill all its obligations." According to Sugiono and Untung (2019:60): "This ratio is also known as Debt To Assets which compares total debt and total assets. Creditors want a low Debt Ratio because the higher this ratio, the greater the risk for creditors."

Current Ratio

According to Hery (2016:142): "The current ratio is a ratio to measure a company's ability to meet its short-term obligations which will soon mature using available current assets." According to Harapanah (2020:301): "The current ratio is a ratio that shows the extent to which assets cover current liabilities. The greater the ratio of current assets to current liabilities, the greater the company's ability to cover its short-term liabilities."

Inflation

According to Utari et al (2016: 4): "Inflation is defined as a general and continuous increase in the prices of goods and services." According to Sari (2018:68): "Inflation is a macroeconomic variable that can simultaneously benefit and harm a company, but basically high inflation is not liked by capital market players because it increases production costs." According to Kamaroellah and Kutsiyah (2018: 166): "Inflation is the main indicator of price instability in an economy. Stable prices will be able to provide guarantees for investors to invest their capital."

METHODS

This study uses an associative approach as its research technique, with the aim of knowing the nature of the relationship that exists between the variables of return on equity (X1), debt to equity ratio (X2), current ratio (X3), and Inflation (Z) on stock returns (Y), Data collection was carried out using documentation techniques in the form of annual financial reports, closing stock price data, and inflation rates that occur in Indonesia. The population in this study were Property and Real Estate sector companies listed on the Indonesia Stock Exchange in 2020-2022 with a total of 84 companies, but the sample used was 70 companies that met the requirements in this study, the sampling requirements used purposive sampling technique. To examine the data collected, several data analysis processes are used. These procedures include the SEM-PLS test which consists of outer model testing, inner model testing, and hypothesis testing. Data management procedures were carried out with the help of WarpPLS 7.0, 2024.

Independent Variable

Stock Return

$$Rt = \frac{Pt - Pt\text{-}1}{Pt\text{-}1}$$

Description:
Rt = Stock return
Pt = Stock Price (Closing Price) current period (t)
Pt-1 = Share Price (Closing Price) of the previous period (t-1)

(Jogiyanto, 2021:264)

Dependent Variable

a. Return On Equity

$$ROE = \frac{Laba\ bersih\ setelah\ pajak}{Equity}$$

(Kasmir, 2022:206)

b. Debt to Equity Ratio

$$DER = \frac{Total\ Liabilitas}{Ekuitas}$$

(Kasmir, 2022:160)

c. Current Ratio

$$CR = \frac{Aktiva\ Lancar}{Utang\ Lancar}$$

(Kasmir, 2022:135)

Moderating Variable
Inflation

$$\text{Inf (t)} = \frac{IHK\ (t) - IHK\ (t-1)}{IHK\ (t-1)}$$

Description:
Inf (t) = Inflation year t
CPI (t) = Consumer Price Index in year t
CPI (t-1) = Consumer Price Index year t-1
(Natsir, 2014: 266)

RESULTS AND DISCUSSION

Measurement (Outer Model)

The measurement model or outer model is a model used to determine the relationship between latent variables and their indicators. The measurement model is determined using convergent validity, composite reliability, and discriminant validity tests.

a. Convergent Validity

The validity test is used to ensure that the items of each variable will be easier to understand in conducting validity tests in accordance with predetermined criteria. The following are the results of convergent validity testing can be seen from the following table:

Table 1 Results Of Combine Loading And Cross Loadings

Variables	Factor Loading	P value	Description
X1	1.000	<0.001	Valid
X2	1.000	<0.001	Valid
X3	1.000	<0.001	Valid
Y	1.000	<0.001	Valid
Z	1.000	<0.001	Valid
Z*X1	1.000	<0.001	Valid
Z*X2	1.000	<0.001	Valid
Z*X3	1.000	<0.001	Valid

Source: WarpPLS 7.0 Output, 2024

Based on the table above, it can be seen that convergent validity shows that all indicators have a factor loading value> 0.70, which means that all indicators on ROE, DER, CR, Return, and Inflation are declared valid to measure each variable.

Table 2 Average Varian Extracted Results

Variables	*Average Varian Extracted*	Description
X1	1.000	Valid
X2	1.000	Valid
X3	1.000	Valid
Y	1.000	Valid
Z	1.000	Valid
Z*X1	1.000	Valid
Z*X2	1.000	Valid
Z*X3	1.000	Valid

Source: WarpPLS 7.0 Output, 2024

Based on the table above, it shows that the value of each variable is> 0.50, which means that all indicators on ROE, DER, CR, Return, and Inflation are declared valid.

b. Composite Reliability
In testing Composite Reliability, two methods are used, namely Composite Reliability and Cronbach's Alpha to test the reliability values of the indicators on a variable. A variable will be said to meet Composite Reliability if it has a Composite Reliability value> 0.70. The value of each variable can be seen in the table below:

Table 3 Composite Reliability

Variables	*Composite Reliability*	*Cronbach's Alpha*
X1	1.000	1.000
X2	1.000	1.000
X3	1.000	1.000
Y	1.000	1.000
Z	1.000	1.000
Z*X1	1.000	1.000
Z*X2	1.000	1.000
Z*X3	1.000	1.000

Source: WarpPLS 7.0 output, 2024

Based on the table above, it can be seen that the two methods show that all variables are able to produce Composite Reliability> 0.70. So it can be concluded that Composite Reliability has been fulfilled.

c. Discriminant Validity
According to Jogiyanto (2015: 195) A model has considerable discriminant validity if the AVE root for each construct is greater than the correlation between other constructs in the model. The following is the root value of AVE and the correlation of latent variables:

Table 4 Ave Root And Variable Correlation

	ROE	DER	CR	RT	INF	I*ROE	I*DER	I*CR
ROE	**1.000**	-0.026	-0.059	-0.575	-0.058	-0.165	-0.121	-0.021
DER	-0.026	**1.000**	0.178	-0.214	0.013	-0.130	0.066	0.007
CR	-0.059	0.178	**1.000**	-0.168	0.035	-0.024	0.007	0.305
RT	-0.575	-0.214	-0.168	**1.000**	0.069	0.109	0.116	-0.038
INF	-0.058	0.013	0.035	0.069	**1.000**	-0.039	0.008	0.018
INF*ROE	-0.165	-0.130	-0.024	0.109	-0.039	**1.000**	-0.105	-0.069
INF*DER	-0.121	0.066	0.007	0.116	0.008	-0.105	**1.000**	0.162
INF*CR	-0.021	0.007	0.305	-0.038	0.018	-0.069	0.162	**1.000**

Source: WarpPLS 7.0 output, 2024

Based on the table above, it can be seen that the discriminant validity of each variable is fulfilled because the AVE value is greater than the correlation of the variable concerned, with an AVE value for all variables of 1,000, which means that all indicators meet discriminant validity.

Structural Model (Inner Model)

Testing the structural model or inner model is a test conducted to test the hypothesis between one latent variable and another. The evaluation of the structural model includes the coefficient of determination (R-squared), relevant predictions (Q-squared) and the Goodness of Fit Model test presented in the table below:

Table 5 R2 And Q2 Values

Variable	*R-squared*	*Q-squared*
RT	0.426	0.430

Source: WarpPLS 7.0 output, 2024

Based on the table above, it can be explained that:

a. The coefficient of determination (R2) shows the ability of exogenous constructs to show the strength or weakness of a research model. Based on table 5, it can be explained that the coefficient of determination on the return variable can be seen from the R-square value on the return variable which has a value of 0.426 or 42.6%, meaning that the return variable explained by ROE, DER, and CR has a value of 42.6% and the remaining 57.4% is explained by other variables that are outside this study.
b. Predictive Relevance (Q2) shows that the predicted relevant value in explaining the latent construct relationship for the research model above is 0.430 or 43% for the contribution of variables in the study both directly and indirectly and the remaining 57% is explained by other constructs that are not in this study. Based on these results, it can be concluded that the Q-square results show that the estimates in this research model have a large predictive value.

Model fit test (Goodness of Fit Model), presented in table 6 as follows:

Table 6 Goodness Of Fit Model

Model Fit dan Quality Indices	Kriteria Fit	Result	Description
Average path coefficient (APC)	$p<0.05$	0.165, (P=0.004)	Accepted
Average R-Squared (ARS)	$p<0.05$	0.426, (P<0.001)	Accepted
Average adjusted R-Squared (AARS)	$p<0.05$	0.409, (P<0.001)	Accepted
Average block VIF (AVIF)	Diterimajika ≤5, ideal ≤3.3	2.012	Ideal
Avarage full collinearity VIF (AFVIF)	Diterimajika ≤5, ideal ≤3.3	1.246	Ideal
*Tenenhaus*GoF (GoF)	Kecil ≥0.1, Menengah ≥0.25, Besar ≥0.36	0.653	Large
Sympson's paradox ratio (SPR)	Diterima jika≥0.7, ideal =1	1.000	Accepted
R-squared contribution ratio (RSCR)	Diterima jika≥0.9, ideal =1	1.000	Accepted
Statistical suppression ratio (SSR)	Diterima jika≥0.7	1.000	Accepted
Nonlinear bivariate causality direction ratio (NLBCDR)	Diterima jika≥0.7	0.767	Accepted

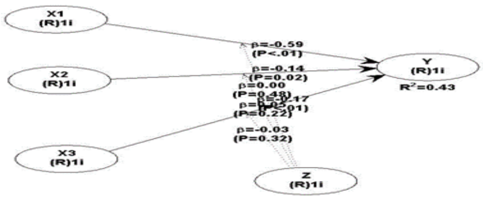
Source: WarpPLS 7.0 output, 2024

Based on table 6 it shows that the fit model already looks feasible to use. This is evidenced by looking at the results of the fit model which can meet the appropriate criteria.

Hypothesis Testing Results

Hypothesis testing is also intended to prove the truth of research conjectures or hypotheses. The results of the correlation between constructs are measured by looking at the path coefficients and their significance levels which are then compared with the research hypothesis contained in chapter one. The significance level used in this study is 5% or 0.05.

Figure 1 Full Research Model



Source: Warp PLS 7.0 output, 2024

Description:
X1 : Return on equity
X2 : Debt to equity ratio
X3 : Current ratio
Y : Stock Return
Z : Inflation

Based on Figure 2 above, it is then presented in the table below to determine the path coefficient value and its significance value.

Table 7 Path Coefficient And P-Values

Variable	*Path Coefficient*	*P-Values*	Description
X1 =>Y	-0.587	<0.001	Highly Significant
X2 =>Y	-0.141	0.019	Significant
X3 =>Y	-0.173	0.005	Highly Significant
Z =>X1*Y	0.004	0.477	Not Moderating
Z =>X2*Y	0.053	0.219	Not Moderating
Z =>X3*Y	-0.033	0.316	Not Moderating

Z =>X3*Y -0.033 0.316 Not Moderating
Source: WarpPLS 7.0 Output, 2024

Table 7 can be explained as follows:

1. Return on equity influences stock returns
   Testing the influence of ROE on stock returns, the path coefficient value was -0.587 with p-values <0.001. This shows that there is a negative and significant influence between ROE on stock returns. So the hypothesis in this research which states that ROE has a significant effect on stock returns can be accepted (H1 is accepted). This means that if ROE increases, stock returns will decrease and vice versa. ROE is the ability to measure a company's ability to generate profits from the capital invested by its shareholders. In simple terms, ROE provides an overview of how efficient the company is in generating profits from any capital provided by shareholders. Meanwhile, stock returns refer to the level of profit or loss obtained by an

investor from owning shares in the company. Stock returns can be influenced by several factors including the company's financial performance, market conditions, and various other external factors. When ROE has a negative and significant effect on stock returns, this shows that changes in ROE have a significant impact on the company's stock performance.

Negative impacts may be caused by various factors such as poor financial performance, inefficient capital management, high debt levels, or even managerial problems within the company. If the ROE in a company experiences a significant decline due to poor financial performance or inefficient use of capital, investors tend to be less interested in investing in the company's shares. This can result in a decrease in share prices due to a decrease in demand from investors which in turn can result in negative or low stock returns, and vice versa. Thus, ROE which has a negative and significant effect on stock returns is also an important phenomenon for investors and stock market analysts to understand because it can provide clues about the company's financial health and potential stock performance in the future. The results of this research are in line with those conducted by Sari (2017), Devi et al (2019), Dewi (2021), Monita (2022) and Syafitri et al (2023) who obtained the results that ROE has a negative and significant effect on stock returns.

2. Debt to equity ratio influences stock returns

   Testing the influence of DER on stock returns, the path coefficient value was -0.141 with a p-value of 0.019. This shows that there is a negative and significant influence between DER on stock returns. So the hypothesis in this research which states that DER has a significant effect on stock returns can be accepted (H2 is accepted). This means that if the DER increases, stock returns will decrease and vice versa. DER is one of the main indicators in financial analysis which provides an idea of how much a company uses debt to fund its operations compared to its own capital or equity. A high DER shows that the company uses more debt than its own capital to operate its business, while a low DER shows the opposite.

   When DER has a negative and significant effect on stock returns, it highlights the strong relationship between a company's debt level and its stock performance, where changes in DER can have a significant impact on stock returns. One of the main reasons why a high DER can negatively influence stock returns is because of the increased financial risks faced by the company. With high levels of debt, a company will have significant interest payment obligations that must be paid before distributing profits to shareholders. If a company experiences difficulty in paying interest or principal on its debt, this can cause instability in dividend payments or even threaten the survival of the company, which will ultimately have a negative impact on share prices and stock returns. In addition, the financial costs of debt such as interest that must be paid by the company can also reduce the net profit available for distribution to shareholders. The higher the DER, the greater the interest burden the company must bear, which can reduce net profit and ultimately affect stock returns. Apart from financial risks and financial costs, high DER can also influence investors' perceptions of investment risk. Companies with high DERs are often considered riskier investments due to the risk of default or financial difficulty. Investors tend to avoid shares of companies with high DERs, which can then cause a decrease in demand for shares and a decrease in share prices. Thus, companies with high DER are often considered less attractive investments for most investors, which in turn can cause a decrease in stock returns. On the other hand, companies with low DER tend to be considered more stable investments and can provide better stock returns because they have lower financial risks and more controllable financial costs. These results are in accordance with research conducted by Nurindahsari et al (2019), Jefri et al (2022) which states that DER has a negative and significant effect on stock returns.

3. Current ratio influences stock returns

   Testing the influence of CR on stock returns was obtained from the path coefficient value of -0.173 with a p-value of 0.005. This shows that there is a negative and significant influence between CR on returns. So the hypothesis in this research which states that CR has a significant effect on stock returns can be accepted (H3 is accepted). This means that if CR increases, stock returns will decrease and vice versa. CR is an important financial ratio because it provides an overview of a company's ability to meet its financial obligations in the short term. This ratio is calculated by dividing total current assets by total current liabilities. When CR is low, it indicates that the company has fewer assets that can be easily converted into cash to cover its short-term liabilities. The negative and significant influence of CR on stock returns can have a significant impact on the company's share value. This is because liquidity is an important factor considered by investors in making investment decisions. A low or negative CR can raise concerns about a company's ability to survive in the short term. Facing financial pressures, and meeting obligations to shareholders.

When CR is low the company may be forced to rely on short-term debt or have to sell assets at unfavorable prices to meet its financial obligations. This can cause an increase in financial burden which will ultimately reduce the company's net profit. This decline in net profit can then affect stock returns because investors tend to prefer companies with stable financial performance and strong growth prospects. Apart from that, low CR can also reflect problems in the company's operational management such as poor inventory management or loose credit policies. This can result in instability in a company's daily operations and negatively impact its financial performance. Thus, CR which has a negative and significant effect on company stock returns is an important indicator for investors. This highlights the importance of liquidity in assessing a company's financial health and potential future stock performance. Companies with low or negative CR may be considered riskier investments that can produce less profitable stock returns for investors. These results are in line with research conducted by Widiana & Yustrianthe (2020) which states that CR has a significant negative effect on stock returns.

4. Inflation moderates the relationship between return on equity and stock returns

   Testing the influence of ROE on stock returns through inflation, the path coefficient value was 0.039 with p-values 0.285. This shows that there is no influence between ROE on returns and inflation as a moderating variable. So the hypothesis in this study which states that inflation can moderate the relationship between ROE and stock returns cannot be accepted (H4 is rejected). This means that inflation is unable to moderate the relationship between ROE and stock returns. The results of this research prove that inflation is unable to strengthen or weaken the relationship between ROE and stock returns. In theory, high inflation conditions have no effect on increasing prices of goods or raw materials and will make production costs high so that it will affect the amount of demand which results in a decrease in sales which can reduce company profits.

   This shows that poor company operations will This results in investors not being interested in investing because they will not get a profit from their investment, which is indicated by a decrease in investors' interest in investing their capital, which will have an impact on decreasing share prices and ultimately share returns will also decrease. Apart from that, the company's external factors are not just inflation, so there may be other external factors that influence the relationship between ROE and stock returns. Therefore, inflation in this study cannot moderate the relationship between ROE and stock returns. These results are in line with research conducted by Kobar et al (2020) and Dewi (2021) which stated that inflation cannot moderate the ROE variable on stock returns.

5. Inflation moderates the relationship between debt to equity ratio and stock returns

   Testing the influence of DER on stock returns through inflation, the coefficient value was 0.053 with p-values 0.219. This shows that there is no influence between DER on stock returns and inflation as a moderating variable. So the hypothesis in this research which states that inflation can moderate the relationship between DER and stock returns cannot be accepted (H5 is rejected). This means that inflation cannot strengthen or weaken the influence of DER on stock returns. The results of this research prove that inflation is unable to strengthen or weaken the relationship between DER and stock returns. In theory, continuously increasing inflation will increase total debt which is higher than the increase in total debt which is higher than the increase in total equity of the company so that the DER is high.

A high DER will be a burden for the company because of the company's obligation to pay debts and the risk of bankruptcy which will be borne by investors so that investors will not be interested in investing their capital because basically investors want profits from the investments they make. This disinterest is characterized by a decrease in investors' interest in investing their funds, which will have an impact on decreasing share prices and will ultimately result in low stock returns. In this research, DER has not provided a signal for investors in making investment decisions. Apart from that, the company's external factors are not just inflation, so it is possible that there are other external factors that influence the relationship between DER and stock returns. These results are in line with research conducted by Ningtyas (2019) and Yuliana (2023) which stated that inflation cannot moderate the effect of DER on stock returns.

6. Inflation moderates the relationship between the current ratio and stock returns

   Testing the influence of CR on stock returns through inflation, the coefficient value was -0.033 with p-values 0.316. This shows that there is no influence between CR on stock returns and inflation as a moderating variable. So the hypothesis in this research which states that inflation can moderate the relationship between CR and stock returns cannot be accepted (H6 is rejected). This means that inflation cannot strengthen or weaken the influence of CR on stock returns. The results of this research prove that inflation is unable to strengthen or weaken the relationship between CR and stock returns.

   The large CR owned by the company can be used to cover its short term. However, a high CR also reflects that the company has accumulated too many of its assets in cash and inventory, which means that the company is less able to rotate its assets. This situation will not attract investors to invest because investors will assume that the company is not able to manage its assets well so that investors will not get the profits as indicated from their investment. These results are in line with research conducted by Michelle (2021) and Yuliana (2023) which stated that inflation was unable to moderate the effect of CR on stock returns.

CONCLUSION

This research aims to examine the influence of return on equity, debt to equity ratio, and current ratio on stock returns with inflation as a moderating variable in the property & real estate sector for the 2020-2022 period. Based on the results of the research and discussions that have been carried out, the following conclusions can be drawn:

1. The return on equity variable has a negative and significant effect on stock returns in the property & real estate sector for the 2020-2022 period
2. The debt to equity ratio variable has a negative and significant effect on stock returns in the property & real estate sector for the 2020-2022 period
3. The current ratio variable has a negative and significant effect on stock returns in the property & real estate sector for the 2020-2022 period
4. The inflation variable cannot moderate the influence of return on equity on stock returns in the property & real estate sector for the 2020-2022 period
5. The inflation variable cannot moderate the influence of the debt to equity ratio on stock returns in the property & real estate sector for the 2020-2022 period
6. The inflation variable cannot moderate the influence of the current ratio on stock returns in the property & real estate sector for the 2020-2022 period.

SUGGESTION

1. For further research, on the other hand, use a time period of more than 3 years so that the sample is larger and provides more adequate research results
2. Future researchers can conduct research with a wider range of objects
3. For further research, it is better to add other research variables because there are more variations in data and comparisons so that the research carried out will be more accurate.

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