

ABSTRACT

Alexander Gelfand Panjaya (01011190043)

TESTS OF A FOUR-FACTOR ASSET PRICING MODEL IN THE INDONESIAN STOCK EXCHANGE

(ix + 38 pages; 10 tables; 34 appendix)

This study is intended to find out whether stock liquidity plays a significant role in determining stock excess returns. Using an extension of the Fama-French Model with the addition the variable stock illiquidity (calculated using the Amihud Illiquidity Measure), a study was conducted on 113 sample stocks listed in the IDX on the period January 2012 until December 2021. Results in this study show that Expected Return significantly affects all sectors, Size Factor significantly affects two sectors, Firm Value Factor significantly affects five sectors, and Liquidity affects one sector.

References: 21 (1963-2021)

Keywords: Indonesian Stock Market, Four-Factor Asset Pricing Model, Excess Return, Expected Return, Size Factor, Firm Value Factor, Liquidity