

INFLUENCE OF PROFITABILITY RATIO, PROFIT DISPOSITION AND MARKET INDICATORS ON STOCK PRICE IN APPRAISING FINANCIAL PERFORMANCE OF FOOD AND DRINK INDUSTRY COMPANY

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ABSTRACT

Nowadays investment has become commitment fund projected to yield additional fund in the future. Gaining profit is the main target of investment in obligation bonds. Performance of listed companies becomes one of the determinant factors to ascertain income security and well investment growth. The aim of this research is to examine the relationships between financial ratio – such as profitability (investment earning and MKB), profit disposition (DPR), market indicator (PH and PPS) and firm's stock price in the food and beverages industry. As sampling technique, the study applies purposive sampling. Due to the completeness of their financial report published during the period of 2003 – 2007 only 15 out of 17 food and beverages firms listed in BEJ are chosen as chosen as sample. While stock price is assigned as independent variable, profitability ratio, profit disposition and market indicators are denoted as dependent variables. Research results confirm that partially only one of market indicators – solely stock earning (PH) that affects stock price, the other financial ratio does not have significant influence. Simultaneously, all financial ratio (profitability, profit disposition, market indicators) affect the stock price.

Keywords: *investment earning, profitability*