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# DOMINANT FACTORS IN STOCK INVESTMENT CONSIDERATIONS TO MINIMIZE BUSINESS RISK

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**ABSTRACT**

The decline in the Jakarta Composite Index (JCI) was due to sideways price movements. As a result, stock prices in the Consumer Non-Cyclicals sector also fell. This study aims to help investors focus on the most important elements in investing capital in terms of external and internal assessments in the Consumer Non-Cyclicals sector listed on the Indonesia Stock Exchange. The research population is Consumer Non-Cyclicals sector companies. The purposive sampling method was used in sampling so that out of 126 listed companies, only 35 companies fell into the criteria. Factor analysis was conducted using the SPSS 26 program. The results stated that interest rates, inflation, Return On Equity (ROE) were the dominating factors on stock prices. Meanwhile, Debt to Equity Ratio (DER) does not dominate the stock price in Consumer Non-Cyclicals sector companies for the 2018-2022 period.

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## Introduction.

A promising investment in the business world is stock investment. The stock market is crucial in driving economic growth (Delgado-Domonkos & Zeng, 2023). Stocks are a high-risk alternative investment avenue because they are vulnerable to domestic and international, political, economic, financial, and other changes, even changes that arise within the company. These changes have a good impact, but can also have a bad impact (Begawati, 2022). The share price is the value of the price for investors by the company in the stock market (Turnip, 2022). The share price is determined by the Composite Stock Price Index (JCI) which fluctuates in the stock market. The performance of the JCI was not good enough, which fell to 2.09% due to the JCI being in a sideways trend or sideways price movement (Dwi, 2023). Buyers in the stock capital market are able to see the opening and closing stock prices in the form of graphs and images that show the number of stock price fluctuations. In the market mechanism, the forces of supply and demand l market dynamics, macroeconomic conditions, company performance, industry conditions, corporate actions and also includes the forces of supply and demand. The increase in the number of shares outstanding is caused by new issuances, namely new issuers listed on the Indonesia Stock Exchange (IDX) or companies such as splits, Pre-emptive Rights (HMETD), rights to buy shares, stock dividends and so on (Gunardi & Disman, 2023). For this reason, investors must be careful in choosing companies that will invest their funds by looking at various factors that influence the rise and fall of stock prices (Machmuddah et al., 2020). Internal and external factors affect stock prices. These two factors investors can identify the dominant factors that affect stock prices so that investors can choose the desired investment. Stock price movements are monitored on the Indonesia Stock Exchange (IDX). JCI is a capital market performance measurement method used by the Indonesia Stock Exchange (Deni Sunaryo, 2021).

Most of the sectoral indices on the IDX had an adverse impact on the performance of the JCI. One of the eight sectoral indices that experienced a weakening was the Consumer Non-Cyclycals sector by 1.18% (Azwar, 2020). The decline in the JCI was triggered by the decline in the performance of sectoral indices on the IDX. From the decline in JCI, the share price in this sector fell sharply, where Asian stocks refer to the movement of US stocks which also weakened. The Consumer Non-Cyclycals sector companies are the subject of this research because Consumer Non-Cyclycals companies are companies that are consistent and not too affected by economic conditions and are engaged in producing and or distributing products and services that are primary or basic so that they become the main needs in fulfilling life needs. This is an attraction for investors who seek protection or stability in their portfolios, especially during periods of economic uncertainty or market turmoil.

Investors must be vigilant in investing in the capital market by seeking information about the effect of a company's stock price. There are two factors that cause stock prices to fluctuate such as macroeconomic factors, namely the external environment that affects the management of a company and microeconomic factors, namely the overall domestic economic environment. The macroeconomic environment can have a direct impact on business performance and stock performance, this is expressed through government policies, inflation, business cycles, and interest rates regarding certain businesses, exchange rates, taxation, fiscal deficits, international economic conditions, private investment, trade balance, Gross Regional Domestic Product (GRDP) payments, and money supply (Tandelilin, 2010).

The interest rate is the amount of expenses that must be paid in a certain period. In other words, people must have the opportunity to borrow money (Suhadak & Suciany, 2020). The bank interest rate is the interest rate charged by the central bank in a country on loans to commercial banks. Investors tend to prefer high-yielding investment vehicles such as bonds, so high interest rates may reduce their interest in investing in stocks. Conversely, investors may invest in stocks if interest rates are low, as they can earn a greater rate of return than other investment instruments. This is reinforced by Pratiwi et al (2023) research (2023) which has a positive and significant effect on stock prices. Meanwhile, Arhenful et al (2021) and Salim & Djumahir (2022) found no effect of interest rates positively on stock prices.

Inflation can have an adverse impact on stock prices. However, high and low inflation has different impacts on stock prices. An increase in inflation causes a decrease in the value of the currency and an increase in the production costs of a company so that the company's profits decrease. Then, the decline in inflation causes an increase in the interest in purchasing a product in the community and high demand on stock prices (Sudjono, 2023). This is supported by Aziz & Sofa (2023) and Salihin (2021) inflation has a positive and significant effect on stock prices. However, it disagrees with Mekarsari & Widodo (2022) which explains that inflation has no effect on stock prices.

The financial factors of a company also participate in influencing stock prices. According to Wiagustini (2014), there are 5 financial ratios in the company, namely activity ratios, profitability, solvency, liquidity, and market ratios. Return On Equity (ROE) and Debt to Equity Ratio (DER) as a measuring tool for profitability and leverage ratios.

Return On Equity (ROE) is one of the profitability ratios as an assessment of the company's effectiveness in using stock market equity to get maximum profit. Muller et al (2022)explains that ROE is an assessment of a company's capacity to earn profit after tax by utilizing all existing capital. A high ROE value means that the company generates maximum profit for each unit of shareholder equity. This causes the stock price to rise. The company is also said to be successful in using its capital to make a profit. The low ROE of the company is a mirror that the company is considered unable to manage its equity so that the profit earned is low. With the high profit of the company, it becomes its own attraction in the eyes of investors. In line with the research findings of Sholichah et al (2021) and Restanti (2023) there is a positive and significant effect of ROE on stock prices. Research findings from Risyafli & Chaerudin (2021) are not in line, which suggest that ROE does not significantly affect stock prices.

The positive impact for the company and the risk for investors caused by the large value of debt can affect the share price and the share price of a company is said to be low if the DER value is small. This causes the lack of investor attractiveness. Husnan (2019) explains that if the company can maintain its profit with a high debt allocation, the company's debt allocation can provide a high profit opportunity from the company's expenses so that investors can provide a positive assessment of the company's debt allocation. Companies that have a greater DER value where debt management is directed, the profits generated will be greater when compared to the interest expense that must be paid. In addition, the company's tax burden will be smaller. Directed debt management has a good effect on company profits so that investors are willing to invest. This will create an increase in demand for stock prices. This opinion is in line with the research findings of Zulkarnain & Sulistiyowati (2022) and Christia et al (2021) revealed that DER affects stock prices positively and significantly. However, the research findings of Alfiah & Diyani (2017) are different, which reveal that DER does not affect stock prices.

This research is different from previous studies which only see the presence or absence of the influence of variables on stock prices such as the results of research from (Fitriaty, 2023), Gampito & Melia (2022), and Absari (2022). Whereas in this study to see the more dominant factor on stock prices. The goal is that investors must consider and identify external and internal factors that affect stock prices to minimize the risks received. Stock prices are an important consideration for investors when choosing investments in the capital market. Meanwhile, companies need to identify important factors that affect company performance in achieving goals.

## Literature Review.

### Signalling Theory.

Signalling Theory describes how companies can control certain signs to convey important information to outsiders, such as investors, customers, or suppliers. Signaling theory is the activity of conveying company performance and information to external parties (Septianda & Canggih, 2023). External parties perceive the high value of debt because the company can fulfill future obligations or low business risk, both of which are responded favorably by the market (Brigham & Houston, 2001). Signaling theory also provides clues in assessing the company's prospects. The purpose of signaling theory is to help companies gain trust and a good reputation in the market, increase the value of the company, and increase the company's access to capital.

Signal theory in this study is to see fluctuations in stock prices that can provide information to investors in the form of annual financial reports. Signal theory relates to the factors in this study, because these factors reflect the condition of the company which is a clue for investors in making their investment decisions. Signals are explanations of personal positive or negative things issued by the company's internal parties to be communicated or not to outsiders (López-Santamaría et al., 2021). Positive signals have a positive impact on the company and negative signals have a negative impact on the company, where the signal is obtained from changes in the company's fundamental factors. In this study, signaling theory is used to see the dominating factor of the independent variable to the dependent.

**Interest Rate.**

Bank interest rates are the bank's compensation to customers for the purchase or sale of its products. The interest rate is a burden that must be paid by both customers (having deposits) and banks (customers receiving loans) (S. E. Kasmir, 2018). Interest rates are Bank Indonesia securities issued as documents containing funds recognized and protected by legal entities which are short-term debt through a discount system. Interest rates can change depending on the monetary policy implemented by a country's central bank. According to Case (2016) states that the interest rate is an activity in the payment of interest shown in the percentage of the loan.

**Inflation.**

Inflation is a situation in which the price of goods increases along with the weakening of the value of the currency. According to Bank Indonesia (2020), inflation occurs when the prices of goods and services consistently increase over a period. If there is sustained inflation, it has an impact on the overall economic situation and disrupts the country's political balance (Irham, 2015). Inflation also results in an increase in production costs, changes in import prices as well as an increase in demand for goods and services and excessive liquidity in the market.

**Return On Equity (ROE).**

Profitability is the company's ability to make a profit and is considered an indicator that investors are interested in investing their capital in the company. One type of profitability ratio measurement is used ROE, which is a ratio that evaluates the company's performance on personal capital through net income from channeling funds for performance activities or company productivity. ROE is a measure of the company's ability to earn profits when compared to its equity. In addition, based on signal theory, the relationship between Return on Equity and stock price is positive, meaning that if ROE jumps high, the stock price is also high (Hafidzi et al., 2023).

**Debt to Equity Ratio (DER).**

Debt to Equity Ratio is part of the solvency ratio to see how much debt to finance a company. DER is the ratio of debt to capital assessment (D. Kasmir, 2019). A high DER and good management in a company results in a net profit after tax that is greater than the interest paid. Large debt with a high interest expense can reduce the tax burden borne so that it helps companies use debt (Adikerta & Abundanti, 2020). DER explains the company's ability to meet its long-term obligations (Minah, 2021).

**Interest Rate Factors on Stock Prices.**

Interest rates are a mandatory cost incurred by borrowers to lenders. When interest rates rise, the cost of borrowing increases, making it more expensive for companies to fund projects or business expansion so interest rates can be a drag on economic growth and stock prices. However, interest rates affect stock prices not always negatively. When central banks raise interest rates, this also results in investors choosing investments that generate more profits. One investment alternative that is often chosen is the stock market. In this situation, an increase in interest rates fuels demand and increases stock prices.

Interest rates are based on signaling theory, where an increase in interest rates indicates negative information to stock prices. An increase in interest rates will also cause investment rates to rise which is signaled for stocks, but investors may also withdraw their investment from stocks and switch to a different type of investment, such as savings or deposits.

**H**$^{1}$: The interest rate factor dominates stock prices.

**Inflation Factors on Stock Prices.**

In general, low inflation has an impact on stock prices. Low inflation indicates economic stability and investor confidence. High inflation has a negative impact on stock prices as it can reduce consumer purchasing power and increase the company's production costs. This can reduce the company's income and reduce the value of the company as seen in the stock price.

Signal theory explains that the state of a company provides a signal to investors in making investment decisions. This signal provides information about investor actions. High and low inflation will affect investors' choices regarding information on the state of shares in a company, and have an effect on investors in receiving the company's signals (Fahmi, 2013).

**H**$^{2}$: The inflation factor dominates the stock price.

**ROE Factor on Share Price.**

Profitability as well as stock prices can be viewed from a valuation perspective. Investors tend to give higher valuations to companies with high profitability and there can be an increase in share prices. Conversely, low levels of company profitability tend to have lower valuations, which can lead to a decrease in share price. The higher the ROE value, the higher the income the company will get and the better its position in the company.

The theory to observe the relationship between ROE and stock price is signalling theory. This theory reveals that investors can use financial statements that include ROE as a source of information to weigh the shares of a company. The high level of profitability in a company, more positive signals will be given to investors, having an impact on investors' decisions to invest their capital in shares.

**H**$^{3}$: The ROE factor dominates the stock price.

**DER Factor on Stock Price.**

The Debt to Equity Ratio (DER) factor can be viewed through two different sides. First, if the DER value is high, it can inform negative signals to investors. Investors often consider companies with high DER as companies that have a fairly high financial risk. This situation arises because companies with high DER values result in greater interest expense so that the profits earned must be used to pay the interest. Stock prices tend to fall when debt risk increases (Brigham & Houston, 2010). On the other hand, a low DER value can also inform negative signals to investors. Companies with low DER are considered less aggressive in utilizing debt to finance their business growth. Investors may see the company as having less potential to provide high margins. As a result, the company's stock price may not reflect the true value of the company.

**H**$^{4}$: The DER factor dominates the stock price.

**Method.**

This type of research uses a comparative method, comparing a variable in several different or all populations, samples, or times (Collier, 1993), namely making comparisons between independent variables to be a more dominant factor in influencing stock prices in the Consumer Noncyclicals Sector. Quantitative methods are also used in this study, namely research with data processing tools with results in the form of numbers (Sahir, 2021).

The research data used is secondary data with time series from 2018-2022. Data sources are accessed through the official website of the Indonesia Stock Exchange (www.idx.co.id), Bank Indonesia, and Yahoo Finance (www.finance.yahoo.com), namely in the form of financial reports which are data on the number of public companies included in the Consumer Non Cyclicals Sector.

Measurement of stock price variables can be calculated using the average daily stock price per year. The data used is the average monthly Indonesian interest rate. Inflation data is obtained from 2018-2022 on a monthly basis.

Data analysis techniques using ROE and DER calculations. ROE calculations are obtained from company profits that compare with total capital. Meanwhile, the DER value is obtained from the amount of debt with the amount of capital. This technique is used to see the financial performance of companies that meet the research criteria. And to find out the multivariate data analysis, namely the analysis of factors that affect the stock price more in this research using SPSS version 26 where before the factor analysis test is carried out a classic assumption test, namely the normality test.

The population used is the Consumer Non-Cyclicals Sector companies listed on the Indonesia Stock Exchange, totaling 126 companies. The sampling method uses purposive sampling, namely selecting samples based on research objectives with the following criteria:

Table 1. Criteria and Number of Population and Sample.

| No. | Sample Description | Cons | Kriteria |
|---|---|---|---|
| 1 | Consumer Non-Cyclicals sector companies listed on the Indonesia Stock Exchange (IDX). | 0 | 126 |
| 2 | Companies in the Consumer Non-Cyclicals sector have conducted IPOs up to 2017. | (56) | 70 |
| 3 | Non-Cyclicals Consumer sector companies with financial reports using rupiah currency and publish complete stock prices within the research period 2018-2022. | (2) | 68 |
| 4 | Consumer Non-Cyclicals sector companies have continuous profits from 2018-2022. | (33) | 37 |
| 5 | Consumer Non-Cyclicals sector companies that do not have minus equity. | (1) | 36 |
| 6 | Consumer Non-Cyclicals sector companies do not experience suspensions listed on the IDX in 2018-2022. | (1) | 35 |
| 7 | Companies that experienced stock price fluctuations in 2018-2022. | 0 | 35 |
| | **Total company sample** | 35 | |
| | **Year of Observation** | 5 | |
| | **Total observations used in the study** | 175 | |

Table 1 above shows that Consumer Non-Cyclicals sector companies listed on the Indonesia Stock Exchange (IDX) are 126 companies. Then, the number of companies that did not meet the criteria was 89 companies, so that 35 companies that met the criteria were obtained. With 5 years of observation (2018-2022), the total sample of companies studied was 175.

**Result and Discussion.**

Interest rates and Inflation in this study use the average per year. The data that has been obtained is then calculated so that the following data is obtained:

Table 2. Results of average interest rates and inflation per year.

| Year | BI RATE | INFLASI |
|---|---|---|
| 2018 | 5,10 | 3,20 |
| 2019 | 5,63 | 3,03 |
| 2020 | 4,25 | 2,04 |
| 2021 | 3,52 | 1,56 |
| 2022 | 4,00 | 4,21 |

Source: Bank Indonesia.

Table 2 above is the average result of the interest rate and inflation variables from 2018-2022. The highest interest rate value was recorded in 2019 at 5.63. And the highest inflation value occurred in 2022.

In the company's financial statements to see debt and profit using the calculation of DER and ROE, where after the data is collected, calculations are carried out which obtain the following results:

Table 3. DER and ROE Calculation Results.

| No. | Code | Company Name Consumer Non-Cyclicals Sector | 2018-2022 | |
|---|---|---|---|---|
| | | | Total ROE | Total DER |
| 1 | 2 | 3 | 4 | 5 |
| 1 | AALI | Astra Agro Lestari Tbk. | 0,32 | 1,99 |
| 2 | ADES | Akasha Wira Internasional Tbk. | 1,00 | 2,22 |
| 3 | AMRT | Sumber Alfaria Trijaya Tbk. | 0,90 | 10,98 |
| 4 | BISI | BISI International Tbk. | 0,73 | 0,93 |
| 5 | BTEK | Bumi Teknokultura Unggul Tbk | 0,56 | 8,26 |
| 6 | BUDI | Budi Starch & Sweetener Tbk. | 0,27 | 6,69 |
| 7 | CEKA | Wilmar Cahaya Indonesia Tbk. | 0,71 | 1,00 |
| 8 | CPIN | Charoen Pokphand Indonesia Tbk | 0,83 | 2,08 |
| 9 | DLTA | Delta Djakarta Tbk. | 1,06 | 1,16 |
| 10 | DSNG | Dharma Satya Nusantara Tbk. | 0,49 | 7,43 |
| 11 | EPMT | Enseval Putera Megatrading Tbk | 0,52 | 2,14 |
| 12 | GGRM | Gudang Garam Tbk. | 0,66 | 2,46 |
| 13 | ICBP | Indofood CBP Sukses Makmur Tbk | 0,80 | 4,16 |
| 14 | INDF | Indofood Sukses Makmur Tbk. | 0,48 | 4,74 |
| 15 | JPFA | Japfa Comfeed Indonesia Tbk. | 0,76 | 6,31 |
| 16 | LSIP | Perusahaan Perkebunan London Sumatra Indonesia Tbk. | 0,34 | 0,88 |

Table 3. Continuation.

| 1 | 2 | 3 | 4 | 5 |
|---|---|---|---|---|
| 17 | MIDI | Midi Utama Indonesia Tbk. | 0,81 | 15,06 |
| 18 | MLBI | Multi Bintang Indonesia Tbk. | 3,77 | 7,83 |
| 19 | MYOR | Mayora Indah Tbk. | 0,86 | 4,22 |
| 20 | ROTI | Nippon Indosari Corpindo Tbk. | 0,43 | 2,83 |
| 21 | SDPC | Millennium Pharmacon Internasional Tbk. | 0,26 | 20,95 |
| 22 | SKBM | Sekar Bumi Tbk. | 0,13 | 4,19 |
| 23 | SKLT | Sekar Laut Tbk. | 0,60 | 4,57 |
| 24 | SMAR | Smart Tbk. | 0,74 | 7,74 |
| 25 | SSMS | Sawit Sumbermas Sarana Tbk. | 0,68 | 7,75 |
| 26 | STTP | Siantar Top Tbk. | 0,96 | 1,59 |
| 27 | TBLA | Tunas Baru Lampung Tbk. | 0,53 | 11,67 |
| 28 | TGKA | Tigaraksa Satria Tbk. | 1,37 | 6,03 |
| 29 | WIIM | Wismilak Inti Makmur Tbk. | 0,52 | 1,75 |
| 30 | CLEO | Sariguna Primatirta Tbk. | 0,76 | 2,18 |
| 31 | CAMP | Campina Ice Cream Industry Tbk | 0,42 | 0,65 |
| 32 | HMSP | Hanjaya Mandala Sampoerna Tbk. | 1,52 | 3,15 |
| 33 | ULTJ | Ultrajaya Milk Industry & Trading Company Tbk. | 0,98 | 1,87 |
| 34 | UNVR | Unilever Indonesia Tbk. | 5,99 | 14,82 |
| 35 | HOKI | Buyung Poetra Sembada Tbk. | 0,40 | 1,73 |

Source: Data processed.

The largest ROE value is owned by Unilever Indonesia Tbk. and the smallest ROE value is owned by Sekar Bumi Tbk. Then, the largest DER value is owned by Millennium Pharmacon Internasional Tbk. and the smallest DER value is owned by Campina Ice Cream Industry Tbk.

Factor analysis uses data on the calculation of average interest rates and inflation as well as ROE and DER calculations. Factor analysis is used to determine which factors dominate stock prices. The first step is to do a normality test through the One-Sample Kolmogorov-Smirnov test. To see the data is normally distributed by comparing the significance value (Asymp. Sig) > 0.05. The results of the normality calculation can be seen as follows:

Table 4. One-Sample Kolmogorov-Smirnov Test.

| | | | Unstandardized Residual |
|---|---|---|---|
| N | | | 175 |
| Normal Parameters[a,b] | Mean | | .0000000 |
| | Std. Deviation | | 1.31206956 |
| Most Extreme Differences | Absolute | | .045 |
| | Positive | | .045 |
| | Negative | | -.034 |
| Test Statistic | | | .045 |
| Asymp. Sig. (2-tailed) | | | .200[c,d] |
| Monte Carlo Sig. (2-tailed) | Sig. | | .851[e] |
| | 99% Confidence Interval | Lower Bound | .842 |
| | | Upper Bound | .860 |

Source: Output Program SPSS 26.

Table 4 above obtained the value of Asymp. Sig. (2-tailed) of 0.200. This value indicates that the data has a normal distribution because it is above > 0.05, so that the data obtained from this study can be continued for further testing.

**Factor Analysis.**

The results of the analysis of the more dominant factors on stock prices, as shown in the following calculation table:

Tabel 5. Total Varians yang Dijelaskan.

| Component | Initial Eigenvalues | | | Extraction Sums of Squared Loadings | | | Rotation Sums of Squared Loadings | | |
|---|---|---|---|---|---|---|---|---|---|
| | Total | % of Variance | Cumulative % | Total | % of Variance | Cumulative % | Total | % of Variance | Cumulative % |
| 1 | 1.362 | 27.234 | 27.234 | .362 | 27.234 | 27.234 | 1.349 | 26.979 | 26.979 |
| 2 | 1.331 | 26.610 | 53.844 | 1.331 | 26.610 | 53.844 | 1.339 | 26.775 | 53.753 |
| 3 | 1.269 | 25.371 | 79.215 | 1.269 | 25.371 | 79.215 | 1.273 | 25.462 | 79.215 |
| 4 | .660 | 13.204 | 92.420 | | | | | | |
| 5 | .379 | 7.580 | 100.000 | | | | | | |

Source: Output Program SPSS 26.

In table 5, number 1 is defined as the interest rate variable, number 2 as the inflation variable, number 3 as the Return On Equity (ROE) variable, number 4 as the Debt on Equity Ratio (DER) variable, and number 5 is the stock price variable. If the total intial eigen value > 1, it can explain the variable has a good influence. Conversely, if the total intial eigen value <1 does not have a good influence. Of the 5 variables analyzed, there are 3 variables formed with an eigenvalue >1. The factors formed include interest rates, inflation, and ROE. Interest rates, inflation, and ROE are the dominant factors affecting stock prices with respective variance values of 27.234%, 26.610%, and 25.371%. Meanwhile, the DER value is not a dominant factor because it has eigenvalues <1 and only affects stock prices with a variance value of 13.204%.

**Discussion.**

**Interest Rate Factors Dominate Stock Prices.**

The test results show that the first hypothesis is accepted because the eigen value is > 1 with a variance value of 27.234%. This shows that the dominating factor on stock prices in the Consumer Non-Cyclicals sector is interest rates. Because interest rates affect the cost of capital, bond prices, fair value of shares, and investor preferences for investment. When interest rates rise, the cost of capital increases for companies which can reduce profits and stock value. In addition, investors tend to switch to fixed income-based investments such as bonds when interest rates are high, resulting in a decrease in demand for stocks. Vice versa, when interest rates fall, the cost of capital tends to be lower, making stock investment more attractive so that it becomes a driver of rising stock prices. The results of this study are supported by the findings of Fitriaty (2023) and Stefanus & Robiyanto (2020) which reveal that interest rates affect stock prices. However, according to Sasono, H., & Mahmudi (2022) explained that interest rates do not affect stock prices.

**Inflation Factors Dominate Stock Prices.**

The results of the tests that have been carried out on the inflation factor accept the second hypothesis which states that the inflation factor dominates stock prices in the

Consumer Non-Cyclicals sector. The eigenvalue of the inflation variable is > 1 with a variance value of 26.610%. Inflation affects consumer purchasing power, company production costs, interest rates, and investor expectations about the value of the currency. If inflation is high, consumer purchasing power decreases, production costs rise, and interest rates may increase to contain inflation, all of which can affect company performance. Meanwhile, investors tend to seek safer assets than stocks. If inflation is low, it can produce an effective environment for economic progress and company performance that supports an increase in stock prices. The results of the study are in accordance with research supported by Sukartaatmadja et al (2023) and Gampito & Melia (2022) which state that inflation affects stock prices. However, it is not in line with research from Katharina (2021) explains that stock prices are not affected by inflation.

**ROE Factors that Dominate Share Price.**

The test conducted obtained the results of the third hypothesis accepted, it can be said that the ROE factor dominates the share price in the Consumer Non-Cyclicals sector. The eigenvalue owned by the Return On Equity (ROE) variable is> 1 with a variance value of 25.371%. ROE reflects the efficiency and profitability of the company in generating profits from available equity. A high ROE states that the company is efficient in allocating capital and generating profits for shareholders. Companies with high ROE tend to attract investors as they signal strong performance and good potential investment returns. Due to increased investor demand, companies with high ROE tend to have larger share prices. The research shows the similarity of research results from Sari, W. A & Rachman (2021) which states that ROE negatively affects stock prices, and Harinurdin (2023) which reveals that ROE affects stock prices. However, research from Hutagaol (2022) states that ROE does not affect stock prices.

**DER Factor that Dominates Stock Price.**

The results of data analysis show that the Debt to Equity Ratio (DER) factor rejects the fourth hypothesis, which means that the DER factor does not dominate stock prices in the Consumer Non-Cyclicals sector. The eigenvalue of the DER variable is <1 with a variance value of 13.204%. DER is not a dominant factor in influencing stock prices because its effects can vary depending on the industry, company situation, and market conditions. Although DER can reflect the level of corporate debt and the associated financial risks. Investors may interpret DER differently depending on the context. Sometimes a high DER may indicate high financial risk causing a decline in the stock price as investors avoid the risk. These results agree with the results of research research from Absari (2022) concluded that the DER factor does not affect stock prices. Meanwhile, Mulyadi et al (2022) revealed that DER significantly affects stock prices.

**Conclusion.**

The conclusion from the results of this study is that of the four factors that dominate the stock price in the Consumer Non-Cyclicals sector, namely, the interest rate variable is the first dominating factor on stock prices. This is because high interest rates hamper the economy. Then, the inflation variable is the second dominating factor on stock prices. Inflation is a measure of economic stability, although inflation is not given much attention by investors, inflation is enough to affect the high and low stock prices. And the Return On Equity (ROE) variable, is the third dominating factor on stock prices. ROE is the third factor after interest rates and inflation, because high ROE is quite a concern for investors in making investments. While the Debt to Equity Ratio (DER) variable, is not a dominating factor in stock prices among the other 3 factors.

Based on the above conclusions, researchers can provide recommendations to investors before making stock investments to better consider the factors that are more dominant in influencing stock prices. That way investors can make more informed investment decisions and choose companies that have the potential to have a good impact in the long term and minimize the business risks that will be received.

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