

ABSTRACT

THE EFFECT OF FINANCIAL VARIABLES ON THE STOCK PRICE IN THE SECONDARY MARKET IN THE EARLY TRADE

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2006**

Short after IPO is the beginning period of trade after the first supply of stock owned by IPO company. In this period the stock price is determined by investor's assessment toward emiten. To know the information of a certain company, an investor can get the information merely from the company's prospectus. One of the information that investor can obtain is the financial statement.

This research aimed to assess the effect of financial variables earning per share, proceeds, financial leverage and return on assets which were presented in the prospectus toward the stock price of the company in the secondary market in seven days of the trade period. This research was conducted using secondary data. The population was the companies registered (listing) in Jakarta Stock Exchange (JSX) in 2001 and 2002, and the sample was twenty companies listed at JSX.

This research used multiple regression analysis by using SPSS 11 for windows program. While, the research hypothesis were tested using t-test and F-test. T-test was used to assess the effect of independent variables individually or partially on dependent variable. F-test was used to assess the effect of independent variable simultaneously toward dependent variable.

The analysis result indicated that at the beginning period of trade, especially at the first and the second day, only proceeds variable that had significant effect toward the stock price. The variable return on assets only gave effect on the third till the seventh day. Other financial variables, which were earning per share and financial leverage did not contribute any significant effect on the stock price from the first till the seventh day of the beginning period of trade. The result of F-test showed that the four independent variables had significant effect simultaneously on the dependent variable for seven days of the trade on the significance level of 5 %.