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The Effect of Inflation, Interest Rates, and Profitability on Stock Returns (Case Study of Food and Beverage Companies Listed on the IDX in 2021-2024)

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Abstract

This research is motivated by the importance of understanding the factors influencing stock returns of food and beverage companies during the post-pandemic economic recovery period. The study aims to analyze the influence of inflation, interest rates, and profitability on stock returns of food and beverage companies listed on the Indonesia Stock Exchange for the 2021–2024 period. The study used a quantitative approach with an associative approach. The study population consisted of 96 companies, while the sample size of 45 companies was selected using a purposive sampling technique, resulting in 180 observations. The data used were secondary data in the form of company financial reports as well as inflation and interest rate data. Data analysis was performed using descriptive statistics, classical assumption tests, multiple linear regression analysis, and hypothesis testing using IBM SPSS Statistics 25. The results showed that inflation and interest rates had no significant effect on stock returns, while profitability had a positive and significant effect on stock returns. Simultaneously, inflation, interest rates, and profitability had a significant effect on stock returns. This study concluded that profitability was the most dominant factor in explaining stock returns in food and beverage companies, while the influence of macroeconomic variables was relatively limited during the study period.

Keywords:Food And Beverage Industry, Inflation, Interest Rate, Profitability, Stock Return

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INTRODUCTION

Economic growth is one of the main indicators of a country's development success, reflected in long-term increases in production capacity and national income (Agustina, 2022). One sector that contributes significantly to Indonesia's economic growth is the non-oil and gas manufacturing industry, particularly the food and beverage industry, which has consistently been the largest contributor to the processing sector's Gross Domestic Product (GDP) (Ministry of Industry, 2023). Based on data from the Central Statistics Agency (2023), the food and beverage industry remains a major contributor to the processing industry's GDP, despite experiencing a slowdown during the pandemic. After GDP growth in this sector declined to 1.58% in 2020, its performance rebounded to 2.54% in 2021 and reached 4.90% in 2022. Although growth slowed again in 2023 due to a decline in global export demand, this industry continues to make a significant contribution to the national economy (Central Statistics Agency, 2024).

In line with these developments, food and beverage companies listed on the Indonesia Stock Exchange face increasingly fierce competition as the public's demand for consumer goods increases. This situation encourages companies to continuously improve their financial performance to maintain competitiveness and attract investor interest (Kusumaningrum, 2024). Stock returns are a key indicator used by investors to assess investment success because they reflect the level of profit derived from share ownership (Amelia Nur Laili *et al.*, 2024; Atthaila *et al.*, 2025; Fadhilah *et al.*, 2025; Fajri *et al.*, 2023; Indira *et al.*, 2024; Putro *et al.*, 2022, 2024; Putro and Fajri, 2023; Putro and Wany, 2021; Safitri *et al.*, 2024). Stock return movements are influenced by various factors, both those originating from the company's internal conditions and macroeconomic factors such as inflation and interest rates, which influence economic activity and investment decisions in the capital market (Ahmad & Badri, 2022; Tandelilin, 2021; Fahmi, 2020).

Changes in macroeconomic conditions following the COVID-19 pandemic indicate that inflation and interest rates have become significant factors in the capital market. Indonesia's economic growth contracted by -0.7% in 2020 due to the pandemic (Central Bureau of Statistics, 2021; Hayati, 2022). Furthermore, the annual inflation rate reached 4.94% in July 2022 (Bank Indonesia, 2022), prompting Bank Indonesia to implement monetary policy through interest rate controls to maintain price stability (Mishkin, 2021). High inflation has the potential to reduce people's purchasing power and reduce the real value of investments, while changes in interest rates affect companies' cost of capital and investors' decisions in allocating funds between the capital market and other financial

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instruments (Ahmad & Badri, 2022; Alwi & Nirawati, 2022; Tandelilin, 2021; Moorcy et al., 2021).

In addition to macroeconomic factors, profitability is also a fundamental indicator used by investors to evaluate a company's prospects. Profitability reflects a company's ability to generate profits, thereby increasing investor confidence and driving stock returns (Kasmir, 2021; Marhaenis et al., 2023). However, previous research has shown inconsistent results. Putra & Nuraini (2021) and Sari (2022) found that inflation had a negative effect on stock returns, while Pratama (2023) and Handayani (2022) stated that the effect was relatively small. Erika et al. (2025) actually found that inflation had a positive effect on stock returns in manufacturing companies. Differences in results also occurred for the interest rate variable, where Rahmawati (2021) found a negative effect, while Lestari & Hadi (2021) found a positive effect on stock returns. Regarding the profitability variable, Febriana & Widodo (2020) and Nugraha and Suryani (2022) showed a positive effect on stock returns, while Saputra & Lestari (2022) stated that profitability had no significant effect because investors paid more attention to macroeconomic conditions, in line with Hery's (2021) explanation that accounting profit does not necessarily reflect actual market stock returns.

The discrepancies in these research findings indicate a persistent research gap regarding the influence of inflation, interest rates, and profitability on stock returns. Furthermore, most previous studies focused on the period before the COVID-19 pandemic, thus not fully reflecting capital market conditions during the economic recovery period, marked by global instability, rising inflation, and changes in monetary policy. These conditions could potentially lead to changes in the sensitivity of stock returns to macroeconomic factors and company performance, particularly in the food and beverage industry, which plays a significant role in the Indonesian economy.

Based on these conditions, this study aims to obtain empirical evidence regarding the effect of inflation, interest rates, and profitability on stock returns of food and beverage companies listed on the Indonesia Stock Exchange during the 2021–2024 period. This research is important because it provides an overview of stock return behavior during the post-pandemic economic recovery period by integrating macroeconomic variables and company performance in a single research model. The novelty of this study lies in the use of the 2021–2024 research period, which represents the economic recovery phase after the COVID-19 pandemic, and the focus on the food and beverage industry as a non-oil and gas manufacturing sector that contributes significantly to the national economy. This study also utilizes Signaling Theory, which explains that published company information

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and macroeconomic conditions serve as important signals for investors in making investment decisions.

METHOD

This study uses a quantitative approach with an associative research type. The quantitative approach was chosen because the study utilizes numerical data analyzed using statistical techniques to obtain empirical evidence regarding the relationship between research variables (Sugiyono, 2018; Syahroni, 2022; Huda et al., 2025). The associative research aims to examine the effect of independent variables, namely inflation, interest rates, and profitability, on the dependent variable, namely stock returns in food and beverage sector companies listed on the Indonesia Stock Exchange for the period 2021–2024 (Febrianti et al., 2022).

The study population included all 96 food and beverage companies listed on the Indonesia Stock Exchange during the 2021–2024 period (Sugiyono, 2020). The sample was selected using a purposive sampling technique, which selects samples based on specific criteria aligned with the research objectives (Sugiyono, 2022; Sanulita et al., 2024; Trianasari et al., 2025). Based on the criteria of companies listed consecutively during the study period, publishing annual financial reports, and generating profits, 45 companies were selected as the research sample. With a four-year observation period, the number of observations used in this study was 180 data points.

The research instrument used secondary data obtained from the annual financial reports of food and beverage companies, company annual reports, the official website of the Indonesia Stock Exchange, and inflation and interest rate data obtained from Bank Indonesia (Sugiyono, 2020; Arvyanda et al., 2023). Data collection was conducted through a literature study by compiling various documents and literature relevant to the research (Sugiyono, 2022; Hamdani & Sa'diyah, 2025). Data analysis was performed using the IBM SPSS Statistics 25 program through descriptive statistical analysis, classical assumption tests, multiple linear regression analysis, and hypothesis testing to examine the effect of inflation, interest rates, and profitability on stock returns (Ghozali, 2021).

The research procedure began with population and sample determination based on purposive sampling criteria, followed by secondary data collection from company financial reports, the Indonesia Stock Exchange, and Bank Indonesia. The obtained data were then processed using IBM SPSS Statistics 25 through descriptive statistical analysis, classical assumption testing, multiple linear regression analysis, and hypothesis

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testing to obtain empirical evidence regarding the effect of inflation, interest rates, and profitability on stock returns of food and beverage companies listed on the Indonesia Stock Exchange for the 2021–2024 period.

RESULTS AND DISCUSSION

Data Description

Table 4.1Descriptive Statistical Analysis Results

	N	*Drink*	*Maximum*	*Mean*	*Standard Deviation*
Inflation ()X_1	142	-61,681	271,875	35.68125	100.346304
Interest rate ()X_2	142	0.035	0.063	0.04864	0.011898
Profitability ()X_3	142	-0.023	0.298	0.11942	0.072356
***Return*Stock (Y)**	142	3,960	9,520	6.92423	1,371658
Valid N(listwise)	142				

Source: SPSS 25 output results, processed by researchers in 2026

Based on table 1 which was tested using SPSS 25, the results of the descriptive statistical test can be explained as follows:

1. The Inflation variable (X1) has a minimum value of -61.681 and a maximum value of 271.875 with an average value of 35.68125 and a standard deviation of 100.346304. A standard deviation value that is greater than the average indicates that the inflation data has a fairly high level of variation.
2. The Interest Rate variable (X2) has a minimum value of 0.035 and a maximum value of 0.063 with an average value of 0.04864 and a standard deviation of 0.011898. This indicates that the interest rate during the study period was relatively stable.
3. The profitability variable (X3) has a minimum value of -0.023 and a maximum value of 0.298, with an average of 0.11942 and a standard deviation of 0.072356. These values indicate that the sample companies have a fairly good level of profitability.
4. The Stock Return variable (Y) has a minimum value of 3.960 and a maximum of 9.520, with an average of 6.92423 and a standard deviation of 1.371658. This indicates that stock returns in the Food and Beverage sector fluctuated during the study period.

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Data Quality Test

1. Normality Test

Table 2. Normality Test Before Outliers

		Unstandardized Residual
N		180
Normal Parameters[a.b]	*Mean*	0.0000000
	Standard Deviation	3162.687986
Most Extreme Differences	*Absolute*	0.266
	Positive	0.266
	Negative	-0.209
Test Statistics		0.266
Asymp. Sig.(2-tailed)		$0{,}000^{c.d}$

Source: SPSS 25 output results, processed by researchers in 2026

The results of the One Sample Kolmogorov-Smirnov test show a significance value of Asymp. Sig. of 0.000. This significance value is smaller than the threshold of 0.05, so it can be concluded that the sample data in this study does not meet the assumption of normal distribution. This condition indicates the need for data improvement measures to meet the assumption of normality. Data improvement in this study was carried out through an outlier test which aims to identify and eliminate extreme data that has the potential to cause distribution deviations. After outlier handling was carried out, the Kolmogorov-Smirnov normality test was carried out again. The results of the normality test after outlier handling are presented in the following table.

Table 3. Normality Test After Outliers

		Unstandardized Residual
N		142
Normal Parameters[a.b]	*Mean*	0.0000000
	Standard Deviation	1.29598780
Most Extreme Differences	*Absolute*	0.062
	Positive	0.062
	Negative	-0.059

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Test Statistics	0.062
Asymp. Sig.(2-tailed)	$0{,}200^{c.d}$

Source: SPSS 25 output results, processed by researchers in 2026

Based on Table 3 above, the results of the normality test using the One Sample Kolmogorov-Smirnov Test show that the Asymp. Sig. (2-tailed) value is 0.200 (p > 0.05), which means it is greater than 0.05 or 5%. Therefore, it can be concluded that the residual data is normally distributed. These results indicate that the regression model used in this study has met the assumption of normality.

2. Multicollinearity Test

Table 4. Multicollinearity Test

Research Variables	*Collinearity Statistics*	
	Tolerance	**VIF**
Inflation ()X_1	0.897	1,115
Interest rate ()X_2	0.897	1,114
Profitability ()X_3	1,0000	1,000

Source: SPSS 25 output results, processed by researchers in 2026

Based on the results of the multicollinearity test in Table 4 using the tolerance value and Variance Inflation Factor (VIF), it is known that the tolerance value for the inflation variable (X1) is 0.897 > 0.10, interest rate (X2) is 0.897 > 0.10, profitability (X3) is 1,000 > 0.10. The VIF value for the inflation variable (X1) is 1.115 < 10.00, interest rate (X2) is 1.114 < 10.00, and profitability (X3) is 1,000 < 10.00. In conclusion, all independent variables in this study do not show any symptoms of multicollinearity, so the regression model is declared suitable for use in further testing.

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3. Heteroscedasticity Test

Table 5. Heteroscedasticity Test Glejser Test

$Coefficients^a$						
Model		*Unstandardized Coefficients*		*Standardized Coefficients* Beta	t	Sig.
		B	*Std.Error*			
1	(Constant)	0.955	0.323		2,961	0.004
	Inflation ()X_1	0,000	0.001	0.051	0.576	0.565
	Interest rate ()X_2	3,651	5,908	0.055	0.618	0.538
	Profitability ()X_3	-1,014	0.920	-0.093	-1,102	0.272

Source: SPSS 25 output results, processed by researchers in 2026

Based on the results of the heteroscedasticity test using the Glejser test in Table 5, it is known that the significance value of each independent variable is greater than 0.05. The inflation variable (X1) has a significance value of 0.565 > 0.05, interest rates (X2) of 0.538 > 0.05, and profitability (X3) of 0.272 > 0.05. In conclusion, the regression model in this study does not experience symptoms of heteroscedasticity, thus fulfilling the classical assumptions of linear regression.

4. Autocorrelation Test

Table 6. Durbin-Watson Table

$Model\ Summary^b$					
Model	R	R Square	*Adjusted*R Square	*Standard Error of the Estimate*	*Durbin-Watson*
1	$0{,}328^a$	0.107	0.088	1,309999	1,828

Source: SPSS 25 output results, processed by researchers in 2026

Based on the results above, the value of Durbin-Watson (DW) is 1.828. This value is called the calculated DW, which will be a comparative number for the acceptance or rejection criteria that will be made with the dL and dU values determined based on the

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number of independent variables in the regression model (k) and the number of samples (n). The dL and dU values can be seen in the DW table with a significance level (error) of 5% (α = 0.05), so that the number of independent variables k = 4 and the number of samples n = 142.

Table 7. Obtaining dL, dU and 4-dU Values

N	k=4					Conclusion
	dL	Du	DW	4-dU	4-dL	
142	1.6829	1.7685	1,828	1,3171	1.2315	No Autocorrelation

Source: SPSS 25 output results, processed by researchers in 2026

Based on the results of the autocorrelation test obtained in Table 7 using the Durbin-Watson (DW) test, the value obtained is 1.828. The value of 4 minus the upper limit (4-dU) is 1.2315, while the value of 4 minus the lower limit (4-dL) is 2.4433. Based on the provisions in Table 4.6, the DW value is between the dU and 4-dL values, namely 1.7685 < 1.828 < 1.3171, in the regression model used in this study. These results indicate that there is no autocorrelation in the regression model used.

Hypothesis Testing Results

1. Multiple Linear Regression Analysis Test

Table 8. Results of Multiple Linear Regression Analysis Test

$Coefficients^a$						
Model		*Unstandardized Coefficients*		*Standardized Coefficients*	t	Sig.
		B	*Std.Error*	*Beta*		
1	(Constant)	6,565	0.535		12,281	0,000
	Inflation ()X_1	-0.001	0.001	-0.076	-0.899	0.370
	Interest rate ()X_2	-6,683	9,789	0.058	0.683	0.496
	Profitability ()X_3	6,046	1,525	0.319	3,965	0,000

Source: SPSS 25 output results, processed by researchers in 2026

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Based on the test results shown in Table 4.8 above, the following multiple linear regression equation was obtained:

$$RH = 6{,}656 - 0{,}001\ (IF) - 6{,}683\ (SB) + 6{,}046\ (ROE) + 0{,}05$$

The regression equation can be explained as follows:

A. The constant value of 6.565 indicates that if the variables of inflation, interest rates, and profitability are considered constant, then the stock return is 6.565.
B. The inflation regression coefficient (X1) of -0.001 indicates that every one unit increase in inflation will reduce stock returns by 0.001 assuming other variables remain constant.
C. The interest rate regression coefficient (X2) of -6.683 indicates that every one unit increase in interest rates will reduce stock returns by 6.683 assuming other variables are held constant.
D. The profitability regression coefficient (X3) of 6.046 indicates that every one unit increase in profitability will increase stock returns by 6.046 assuming other variables remain constant.

2. Partial Test (t-Test)

Table 9. Partial Test (t-Test)

Coefficients[a]						
Model		*Unstandardized Coefficients*		*Standardized Coefficients*	t	Sig.
		B	*Std.Error*	*Beta*		
1	(Constant)	6,565	0.535		12,281	0,000
	Inflation ()X_1	-0.001	0.001	-0.076	-0.899	0.370
	Interest rate ()X_2	-6,683	9,789	0.058	0.683	0.496
	Profitability ()X_3	6,046	1,525	0.319	3,965	0,000

Source: SPSS 25 output results, processed by researchers in 2026

Based on the results of the t-statistic test in Table 9, the results of the relationship between the independent and dependent variables can be seen, which are explained as follows:

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A. The inflation variable (X1) has a calculated t value of -0.899 with a significance value of 0.370. This significance value is greater than 0.05 (0.370 > 0.05), so it can be concluded that the inflation variable has no effect on stock returns, thus (H1) is rejected.
B. The interest rate variable (X2) has a calculated t value of -0.683 with a significance value of 0.496. This significance value is greater than 0.05 (0.496 > 0.05), so it can be concluded that interest rates have no effect on stock returns, thus (H2) is rejected.
C. The profitability variable (X3) has a t-value of 3.965 with a significance value of 0.000. This significance value is smaller than 0.05 (0.000 < 0.05), so it can be concluded that profitability (ROE) has a positive effect on stock returns, thus (H3) is accepted.

3. Model Feasibility Test (F Test)

Table 10.Model Feasibility Test (F Test)

$Annova^a$						
Model		*Sum Of Squares*	df	*Mean Square*	F	Sig.
1	*Regression*	28,462	3	9,487	5,528	$0{,}001^b$
	Residual	236,821	138	1,716		
	Total	265,284	142			

Source: SPSS 25 output results, processed by researchers in 2026

Based on Table 10, the F-value is 5.528 and the significance level is 0.001. This significance level is smaller than the error rate (α) of 0.05. This indicates that the hypothesis is accepted, meaning that all independent variables (inflation, interest rates, and profitability) simultaneously have a significant effect on stock returns. This means that the regression model used in this study is appropriate for explaining the influence of the independent variables on the dependent variable.

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4. Coefficient of Determination Test ()R^2

Table 11. Test of Determination Coefficient ()R^2

$Model\ Summary^b$					
Model	**R**	***R Square***	***Adjusted R Square***	***Standard Error of the Estimate***	***Durbin-Watson***
1	$0{,}328^a$	0.107	0.088	1,309999	1,828

Source: SPSS 25 output results, processed by researchers in 2026

Table 11 shows that the R-square value obtained is 0.107. This value indicates that the independent variables in this study, namely inflation, interest rates, and profitability, are able to explain 10.7% of the variation in the dependent variable. This means that 10.7% of the variation in stock returns can be explained by the four variables used in this research model, while 89.3% may be explained by other factors outside the research model.

The Adjusted R Square value of 0.088 indicates the coefficient of determination adjusted for the number of independent variables used in the model. This value provides a more accurate picture of the model's ability to explain the dependent variable, which is 8.8%, after considering the number of independent variables in the study.

DISCUSSION

The Effect of Inflation on Stock Returns

The results of the study indicate that inflation has no effect on stock returns in food and beverage companies listed on the Indonesia Stock Exchange for the 2021–2024 period. This is evidenced by a significance value of 0.370, which is greater than 0.05. These results indicate that changes in the inflation rate do not directly affect stock returns in food and beverage companies. This condition may occur because the food and beverage sector is a staple food sector, so product demand is relatively stable despite rising inflation. (KPRI, 2024).

The results of this study are in line with researchHandayani & Sari, (2022)AndPratama & Nugroho, (2023)which states that inflation has a negative effect on stock returns because investors have anticipated changes in inflation in their investment decisions. In addition, researchElisah & Purwoko, (2024)also stated that inflation does not significantly impact stock returns in the consumer goods industry. Based on Bank

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Indonesia Regulation No. 24/4/PBI/2022 concerning inflation targets, the government's inflation target is in the range of 3±1%. Indonesia's inflation rate during the study period remained relatively stable, so its impact on stock returns in food and beverage companies was not significant. (Bank Indonesia, 2022).

The results of this study are also strengthened by researchFadli et al (2022)which states that the basic needs sector is a defensive sector that is relatively resistant to macroeconomic pressures, including inflation. Other research,Rahmawati and Santoso (2023)explained that inflation within Bank Indonesia's target range tends not to trigger a significant market reaction. This indicates that investors in the Food and Beverage sector prioritize company fundamentals, such as the ability to maintain sales, cost efficiency, and profitability, over short-term inflationary changes.

According to signaling theory, high inflation can provide a negative signal regarding economic conditions because it can reduce people's purchasing power and increase company production costs. (Spance, 1973; Brigham & Houston, 2022)However, in the Food and Beverage sector, companies have been able to maintain sales and profits, so investors are less likely to respond to changes in inflation when making investment decisions.

This research is also supported by Law Number 3 of 2004 concerning Bank Indonesia which states that one of Bank Indonesia's objectives is to maintain the stability of the rupiah's value by controlling inflation. (RI, 2004)The inflation control policies implemented by the government and Bank Indonesia can maintain capital market stability, thereby reducing the impact of inflation on stock returns.

The Effect of Interest Rates on Stock Returns

The results of the study indicate that interest rates did not significantly impact stock returns in Food and Beverage companies in the 2021–2024 period. This is evidenced by a significance value of 0.496, which is greater than 0.05.The results of this study indicate that changes in interest rates have not significantly affected stock returns. Investors in the Food and Beverage sector tend to remain invested because this sector is considered to have a relatively high level of stability compared to other sectors. (KPRI, 2024).

The results of this study are in line with researchLestari & Hadi, (2022)which states that interest rates have a negative influence on stock returns in certain sectors. This research also supports researchKusmanto, (2025)which states that investors do not always use changes in interest rates as the main basis for making investment decisions.

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The results of this study are also strengthened by researchWulandari and Prakoso, (2023)which states that the BI-Rate does not have a significant effect on stock returns in the consumer goods sector. According toAyuningrum et al, (2021)also explained that macroeconomic variables such as interest rates do not always directly impact stock returns, particularly in sectors with stable demand. This suggests that investors in the Food and Beverage sector tend to prioritize company fundamentals such as profitability, operational efficiency, and sales retention over short-term interest rate changes.

According to signaling theory, an increase in interest rates gives a negative signal to investors because it can increase the company's cost of capital and reduce interest in investing in shares. (Spance, 1973; Brigham & Houston, 2022)However, in this study, investors did not respond significantly to interest rate changes because the food and beverage sector has relatively stable market demand.

Interest rate policy in Indonesia is regulated by Bank Indonesia through the BI-Rate in accordance with Bank Indonesia Regulation Number 23/19/PBI/2021 concerning Monetary Operations. (BI, 2021)Interest rate policy is used as an instrument to control inflation and stabilize the national economy. During the study period, the benchmark interest rate was in the range of 3.5%–6.25%, remaining relatively stable and not exerting significant pressure on the capital market.

The Effect of Profitability on Stock Returns

The research results show that profitability has a positive and significant effect on stock returns. This is evidenced by a significance value of 0.000, which is less than 0.05.The results of this study indicate that the higher a company's profitability, the higher the stock returns investors receive. A high level of profitability reflects a company's ability to generate profits, thereby increasing investor confidence in the company. (Kasmir, 2021).

The results of this study are in line with researchFebriana & Widodo, (2020),Nugraha & Suryani, (2023), as well as Hidayat & Nugroho, (2023)which states that profitability has a positive and significant effect on stock returns. This research explains that companies with high profitability tend to be able to provide higher returns to investors.

The results of this study are also strengthened by researchSari and Putra, (2024)which states that profitability is one of the fundamental factors that influences stock returns, especially in the consumer goods sector. According toAyu Lestari et al, (2023)He also explained that high profitability is a positive signal for investors because it reflects a company's ability to generate profits efficiently. This condition increases investor interest

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in purchasing the company's shares, thereby increasing demand for shares and impacting stock returns.

According to signaling theory, high profitability is a positive signal for investors because it shows that the company has good financial performance and promising prospects in the future. (Spance, 1973; Brigham & Houston, 2022)Investors will be more interested in buying shares in companies with high profitability, which will increase demand for shares and impact stock returns.

In addition, the results of this study are also in accordance with the theory put forward by Cashmere, (2021)that profitability is the main indicator in assessing a company's ability to generate profits and is a consideration for investors in making investment decisions.

In the Financial Accounting Standards Statement (PSAK) No. 1 concerning the Presentation of Financial Statements, it is explained that financial statements aim to provide information regarding the financial position, financial performance, and cash flow of a company that is useful for investors in making economic decisions. IAI, (2024)Profitability information reflected in the income statement is an important indicator for investors in assessing a company's prospects.

CONCLUSION

This study aims to analyze the effect of inflation, interest rates, and profitability on stock returns of food and beverage companies listed on the Indonesia Stock Exchange for the 2021–2024 period. The results indicate that partial inflation and interest rates have no significant effect on stock returns, while profitability has a positive and significant effect. Simultaneously, inflation, interest rates, and profitability significantly influence stock returns. These findings suggest that investors in the food and beverage sector tend to prioritize a company's fundamental performance, particularly its ability to generate profits, over changes in macroeconomic conditions when making investment decisions. Thus, profitability becomes a more dominant factor in increasing investor confidence and driving increased stock returns.

This study has limitations because it only used three independent variables with relatively low coefficients of determination, suggesting that other factors outside the model may influence stock returns. Furthermore, the study focused only on food and beverage companies with an observation period of 2021–2024, thus limiting the generalizability of the results. Future research is recommended to include macroeconomic variables and other fundamental factors, such as exchange rates,

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leverage, liquidity, company size, and dividend policy, as well as expand the industry sectors and observation period to obtain more comprehensive results. Practically, the results of this study provide implications for investors to prioritize profitability analysis in investment decision-making. For company management, these findings provide a basis for improving financial performance to strengthen market confidence and increase stock returns.

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