

Macroeconomic Factors do influencing Stock Price: A Case Study on Karachi Stock Exchange

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Abstract

The paper is about Determinants of Stock Price: A Case Study on Karachi Stock Exchange. The objective of this study is to analyze the factors influence in determining the share price of some companies listed in KSE. The study also analyze the influence of liquidity, leverage, profitability, growth, size of the firm and dividend rate on market price per common share. The study reveals that some qualitative factors namely, company goodwill; market sentiments; company announcements; AGM; unexpected circumstances; analysts' report; technical influence; print and electronic media; hype; change in government policy; international situation; political turmoil as well as some quantitative factors like, dividend; market capital; price/earnings ratio; EPS; net income; return on investment; retained earnings; merger; stock split; margin loan; demand & supply of stock; inflation; interest rates; exchange rates affect the stock price. This study also finds that price earnings ratio; stock price rumor; demand for the share; changes in government policies; economic conditions are the most influential internal; external; economic; political; and environmental factors respectively regarding stock price. In addition, this paper reveals that 65.0 percent of the variation in stock price is explained by cash flows, leverage, profitability, growth, market capitalization, and dividend.

1. Introduction

The stock market has become an essential market playing a vital role in economic prosperity that fostering capital formation and sustaining economic growth. Stock markets are more than a place to trade securities; they operate as a facilitator between savers and users of capital by means of pooling of funds, sharing risk, and transferring wealth. Stock markets are essential for economic growth as they insure the flow of resources to the most productive investment opportunities. In essence, a large number of economic variables like gross domestic product, interest rates, current account, monthly supply, employment, their information etc. have an impact on daily stock prices (Kurihara, 2006). This paper reflects how stock price is determined by considering the effect of different factors and outlines whether the internal, external and economic factors have impact on stock pricing. This study is about to know whether Dividends, paid up capital, market capital, corporate social responsibility, lawsuits, Retained Earnings, AGM, EGM, Earning Per Share, Rumors, Margin Loan, Net Income, Face Value, Return on Investment, Goodwill of the firm, Company News, Analysts Report, Sentiment, Rumors, etc depends on stock price or merely some special factors like stock dividend, P/E ratio, government policy, macroeconomics fundamental, investors sentiment, analyst report, Goodwill, AGM, EPS, to determine the share price. Whether the investors consider these determinants before investment decision or not or increase or decrease the stock price in accordance to change the agents advice, company news, etc. or merely in accordance with the change of Dividends and Earnings. The researchers endeavor to find out the most fundamental determinant factors which are directly influence on share price movement and on what bases investors should select his or her investment portfolio.

2. Rationale of the Study

The major drawback for our stock market is the regulatory system and information transparency are not certainly proficient to get the confidence of the investors and provide the sufficient basis for analyzing the data without anomalies. Beside this, Govt. and Pakistan Bank do not playing the desired role to create the stable market with expected outcome of investors. In addition, investors have also lack of knowledge (fundamental and technical) about capital market. As a result, they cannot cut a good figure from share market. There are some determinants which have great impact on share price. How these determinants influence share price have been shown through the paper. An investor can make their investment decision by taking information from this report. Moreover, the stock market authority might find the results helpful in avoiding any unexpected catastrophe, controlling market strategies, improving the stock market industry, and assessing the degree to which the stock market may need to

be reformed.

3. Objectives of the Study

The prime objective of this study is to analyze the factors influence in determining the share price of some companies listed in KSE. In order to achieve the main objective, the following are the specific objectives:

- i. To identify factors influencing the stock price.
- ii. To assign rank to the internal, external, economic, political, and environmental determinants of stock price.
- iii. To analyze the influence of liquidity, leverage, profitability, growth, size of the firm and dividend rate on stock price.

4. Methodology of the Study

4.1 Data and Sample

This study is the outcome both the primary and secondary data. Primary data are collected from 55 investors who are involved with share business by using the structured questionnaire. Five point Likert scale is used to analyze the collected data. Three companies, namely *Wyeth* Pakistan Limited, Muslim Commercial Bank Ltd., and EFU Insurance are selected as the sample organization. Secondary data are collected from the library of Karachi Stock Exchange (KSE) and the annual reports of the sample enterprises.

4.2 Specification of the Variables

4.2.1 Dependent Variable

Share Price (MP): Closing market price per common share.

4.2.2 Independent Variables:

Liquidity: Liquidity has been measured by cash flows from operation (CFO) which is net profit before tax and extraordinary income adjusted to non-cash charges and receipts.

Leverage: Leverage has been expressed in terms of debt-equity ratio (DER) which is the proportional relationship between total debt and equity.

Profitability: Profitability has been characterized as return on investment (ROI) which is the proportional relationship between the net profit after tax and total assets.

Growth: Growth has been measured in terms of percentage change in EPS (G).

Market Capitalization: It corresponds to the size of the firm (S) which is log of the total assets.

Dividend Rate (DR): The percentage of cash dividend paid to the common shareholders.

4.2.3 Specification of the Econometrics Model

The following econometrics model has been used to examine the influence of liquidity, leverage, profitability, growth, and size of the firm (market capitalization) and dividend rate on stock prices of the sample enterprises:

$$MP = \beta_0 + \beta_1CFO + \beta_2DER + \beta_3ROI + \beta_4G + \beta_5S + \beta_6DR + \epsilon_i$$

Where,

β_0 = the value of market price per share in absence of liquidity, leverage, profitability, growth, market capitalization, and dividend.

β_1 = the partial change in market price per share due to one unit change in liquidity while other things remain constant.

B_2 = the partial change in market price per share due to one percentage change in leverage while other things remain constant.

B_3 = the partial change in market price per share due to one percentage change profitability while other things remain constant.

B_4 = the partial change in market price per share due to one percentage change in growth while other things remain constant.

B_5 = the partial change in market price per share due to one percentage change in market capitalization while other things remain constant.

B_6 = the partial change in market price per share due to one percentage change in dividend rate while other things remain constant.

ϵ_i = error term.

5. Literature Review

A large number of empirical studies have been conducted about the determinants of stock prices. Several researchers examined the relationships between stock prices and selected factors which could be either internal or external. The results show a variety of findings depending on the scope of the study. Some of those factors could be common for all stock markets. In this section some of these studies will be reviewed.

It is generally assumed that the emerging markets are less efficient than the developed markets. (Rahman, 2006) found the negative correlation between the beta and stock return, which is reason for inefficiency of market. The

decomposition of stock price movements is very sensitive to what assumption is made about the presence of permanent changes in either real dividend growth or excess stock return (Wohar & Mark, 2006). (Hartono, 2004) examined that the positive recent earning information has significant relation with stock prices when it follows negative dividend information, and vice versa. Dividend change announcements elicit a greater change in stock price when the nature of the news (good or bad) goes against the grain of the recent market direction during volatile times (Docking and Koch, 2005). (Glaser and Weber, 2007) found the Stock prices have a significant positive effect on long term money demand and its omission can lead to serious misspecification in the money demand function in both short and long term. (Baharumshah, 2009). (WANG, 2009) found that large firms respond faster to new information compared with small firms. After using this macroeconomic variables gross national product (GNP), interest rate, and inflation (Al-Qenae, 2002) found inflation and interest rate have negative and statistically significant coefficients in almost all cases on stock prices while GNP has positive effect but it is only significant in a certain (high) return measure interval. (Maysami and Koh, 2000) shows that inflation, money supply growth, change in short and long term interest rates, and variation in exchange rates do form a co-integrating relation with the changes in Singapore's stock market levels.

Ralph and (Eriki, 2001) revealed that stock prices and inflation provides a strong support for the proposition that inflation exerts a significant negative influence on the behavior of the stock prices. Moreover, the study shows that stock prices are also strongly driven by the level of economic activity measured by GDP, interest rate, money stock, and financial deregulation. (Joshep, and Vezos, 2006) assert that Foreign exchange (FX) rate and interest rate risks are important financial and economic factors affecting the value of common stocks. The results indicate a significant and negative relation between stock prices and inflation and output growth negatively and significantly affect stock prices. (Dimitrios Tsoukalas, 2003) Exchange rate, industrial production, money supply, and consumer prices were used as macroeconomic factors and reveal a strong relationship between stock prices with those factors. (Ibrahim, 2003) found that the Malaysian stock price index is positively related to money supply, consumer price index, and industrial production. And, it is negatively linked to the movement of exchange rates. (Bayesid Ali and Tanbir Ahmed, 2010) stated in their study that announcement of dividend is considered to be a significant variable for stock price movement.

The majority of empirical research has so far failed to document statistically significant effects of political variables on financial markets. (Santa- Clara and Valkanov, 2003) document that the excess cumulative return in the US stock market is higher under Democratic than under Republican presidencies. (Dopke and Pierdzioch, 2006), on the other hand, provide VAR-based evidence for Germany that stock returns are not significantly different under right-wing and left-wing governments.

5.1 Theoretical review: Factors Affecting Stock Price

Analyzing a theoretical view in explaining the impact of different determinant factors of stock price and provide a clear view and fundamental concept towards the respective investors, portfolios managers and companies about the influencing capacity of each base factor i.e. internal factor, external factor, economic factor, political factor and environmental factor. Stock prices are affected by a number of factors and events, some of which influence stock prices directly and others that do so indirectly. The following are the factors that affect or even predict the buying or selling of stock that ultimately affects stock prices of companies.

5.1.1 Qualitative Factors

Company Goodwill: Old customer comes old place is Goodwill and it is an intangible but saleable asset that may be worth many times the worth of its physical assets. Goodwill includes the worth of corporate identity, and is enhanced by corporate image and a proper location. It is the important wheel to sell, to earn and to raise the value of share.

Market Sentiments: Hearing rumor and looking at stock indexes or its future price movement is the market sentiment. The price of the stock of a company is affected most of the time by the general market direction during a session. In a bull market, the stock price of most companies will rise and will fall in a bear market.

Company Announcements: Stock prices fluctuate as investors and traders try to predict earnings, management changes and industry trends, when a company makes an announcement the investors aren't happy with this can force the stock price to fall.

Annual general meeting (AGM): It is to comply with presentation and approval of the audited accounts, election of directors, appointment of auditors, compensation of officers, confirmation of proposed dividend, and issues raised by the stockholders called annual meeting in the Bangladesh. Investors are looking forward to the AGM to get lucrative dividend declaration.

Unexpected Circumstances: Examples of unforeseen circumstances that can affect prices include natural disasters or worldwide crash and Technical influence has effect on aggregated and individual stock prices.

Analysts' Report: Reports produced by independent analysts also influence share prices. If an analyst changes their recommendation from sell to buy for example, the shares will often raise in value i.e. company will affect its share price very quickly. Analysts' reports are always worth reading whereas shares are not worth buying.

Print and Electronic Media: They say a lie repeated from thousand platforms becomes the truth. An investor has to take care whether they are planted stories or genuine positive developments happening with the company. The role of the press and the views expressed by it on the share market conditions, influence the decisions of the investors.

Hype: Investors have an interest in promoting particular stocks and industries to increase profits and value of their own shares. Stocks price can be affected by hype about a company or the release of new products. This can occur even when the hype has no foundation in truth.

Change in Government Policies: A matter of progress, government may review its policies, rules & regulations like FDI and FII inflow restrictions, entry exit barriers for foreign banks, EXIM regulations, and change in Basel Norms etc. are the important govt. policies. So, a change in these policies affects the market scenario and definitely affects the price of the share and Political Confusion has a significant impact on the stock price.

International Situation: Improvement of diplomatic relations between the multinationals, share prices will rise. Investors should be improvements in diplomatic relations, seize the opportunity to purchase shares related to transnational corporations.

5.1.2 Quantitative Factors

Dividend: Dividend refers to cash payment or distribution of a firm's income among its stockholders, in the form of additional fully-paid shares. After the announcement of a dividend the stock price may increase by an amount close to the dividend per share value. However, the stock price may drop on the ex-dividend date by the dividend per share amount.

Market Capital: Market capital of a company means the value of the company. It may have the causes of increasing share price to fulfill Basel II or other things.

Price/Earning (P/E) Ratio: The P/E Ratio is commonly used to assess the owners' appraisal of share value. The higher P/E ratio is the greater investors' confidence. If the price of the share is too much lower than the earning of the company, the stock is undervalued and it has the potential to rise in the near future and vice versa.

Earnings per Share (EPS): EPS is the amount earned on behaves of each outstanding common stock not the distributed amount to shareholders. This is perhaps the most important factor for deciding the health of any company and they influence the buying tendency in the market.

Net Income: Company's total earnings, which may have the reason of high dividend and important determinant, because expected dividend depends on it.

Return on Investment: ROI means how effectively the firm uses its capital to generate profit. Investors want to get that share of which management more efficient to earn high return on invest.

Retained Earnings: Sum of all profits earned since the firm's inception and not distributed to stockholders as dividends but are either reinvested or kept as a reserve for specific objectives.

Takeover or Merger: Company being taken-over or company taking over another is anticipated to get a stock price boost or drop in its share price.

Stock Splits: Theoretically, it should not have an impact to the stock price. But it is observed that the stock price increases after or before a stock split.

Warrants Exercise: Warrants means you have the right to buy shares from a company after the exercise date at specified price. With resulting the share price drops in the same earnings price.

Margin loan: A loan from a broker to a client that essentially functions as a margin account. The funds may be used for any purpose, and the loan is secured with securities owned by the client.

Supply and Demand: The price is directly affected by the trend of stock market trading. When more consumers purchase a particular type of stock, its price will automatically increase and when sell that, its price will then plunge.

Inflation: Stock markets are affected by inflation. Even the perception of investors and traders on what is likely to happen with inflation will also impact to stock prices in various ways.

Interest rates: Low interest indicates low demand for capital with driving share price down. Bull markets are usually associated with low interest rates and high Capital Gains, and bear markets with high interest rates and low Capital gains.

Exchange Rates: Exchange rates have a direct impact on the price and value of stocks in home as well as it will affect the price of stocks in abroad. Long-term movements in exchange rates are affected by fundamental market forces of supply and demand.

6. Findings and Analysis:

6.1 Ranking of the Internal, External, Economical, Political, Environmental Determinates of Stock Price.

To identify and understand about the most fundamental and influencing determinants of stock price we have considered fifty five (55) investors' primary data each has investment in share market under Karachi Stock Exchange (KSE). We have prepared a questionnaire towards them to collect their recommendation about the most influencing determinants of stock price. According to their perceptions and comments the following results

are formed by the help of appendixes.

6.1.1 Internal Factor

Appendix-01 reveals that out of 15 internal factors regarding determinant of stock price, Price earning (P/E) ratio is considered as the most influencing factor which weighted average score (WAS) is 3.89 and Earnings per share (EPS) is considered as the second most influencing factor which weighted average score (WAS) is 3.74, Goodwill of the firm is in third position (WAS- 3.67), Bonus Dividend is in fourth (WAS-3.65) and Company news, Returned on investment (ROI), Paid up capital, Cash dividend, AGM, EGM, Face value, Net income Placement share, Outstanding share, Property dividend are in the next position respectively whose weighted average score are 3.56,3.55, 3.54, 3.32, 3.24, 3.02, 3.00, 2.95, 2.91, 2.83, 2.81 respectively.

6.1.2 External Factor

Appendix-02 depicts that out of 08 external factors regarding determinant of stock price Rumors stands in top position as an external factor of stock price which WAS is **3.52**. Analysts report is in second position (WAS-3.00) and Growth of the industry is in third (WAS-2.95). Closing month of the period, Sentiment, Available substitutes, Agents, Price hike of necessary goods are in the next position whose WAS are 2.90, 2.67, 2.54, 2.32, 2.27 respectively.

6.1.3 Economical Factor

Money supply plays a crucial role in the determination of price level and interest rate. It is generally presumed that money supply is determined by the policy of central bank. Appendix-03 identifies that out of 06 economic (micro and macro) factors regarding determinant of stock price the most influencing factor is Demand which contains (WAS-3.09). Margin loan is in next position (WAS-3.05) and Supply is in third position (WAS-2.92). Interest Rate, Inflation, Exchange Rate are in the next position whose WAS are 2.58, 2.47, 2.10 respectively.

6.1.4 Political Factor

Appendix-04 depicts that out of 06 political factors regarding determinant of stock price the most influencing factor is Change in Government Policies which weighted average score (WAS) is 3.00. Political turmoil is in second position (WAS-2.91) and Political connectivity of owner of the company at the time of having their government is in third position (WAS-2.90), Lawsuits, International situation, Press conference and comments of political leader are in the next position whose WAS are 2.56, 2.49, 2.30 respectively.

6.1.5 Environmental Factor

Appendix-05 reveals that out of 05 environmental factors regarding determinant of stock price the most influencing factor is Economic which contains 2.92 weighted average score and Regulatory stands just behind the economic sector (WAS-2.58). Technological, Socio-Cultural, Natural environment are in the next position whose weighted average score are 2.29, 2.27, 2.00 respectively.

6.2 Influence of Liquidity, Leverage, Profitability, Growth, Size of the Firm and Dividend Rate on Market Price per Common Share

$DR = 2947.430 - 0.237CFO - 0.307DER - 0.083 ROI + 0.142 G - 0.993S - 0.195 D$ (Appendix 6 by using statistical package SPSS17)

R-squared = 0.650

-0.237 is the partial regression coefficient of cash flows and indicates that with the influence of others (leverage, profitability, growth and market capitalization) held constant, as cash flows changes, say by one percent, on average, market price of share changes by 0.237 percent in the opposite direction.

-0.307 is the partial regression coefficient of leverage and indicates that with the influence of others held constant, as leverage changes, say by one percent, on average, market price of share changes by 0.307 percent in the opposite direction.

-0.083 is the partial regression coefficient of profitability and indicates that with the influence of others held constant, as growth changes, say by one percent, on average, market price of share changes by 0.083 percent in the opposite direction.

0.142 is the partial regression coefficient of growth and indicates that with the influence of others held constant, as growth, say by one percent, on average, market price of share changes by 0.142 percent in the same direction.

-0.993 is the partial regression coefficient of market capitalization and indicates that with the influence of others held constant, as market capitalization changes; say by one percent, on average, market price of share changes by 0.993 percent in the opposite direction.

-0.195 is the partial regression coefficient of dividend and indicates that with the influence of others held constant, as dividend changes; say by one percent, on average, market price changes by 0.195 percent in the opposite direction.

The intercept value of 2947.430, mechanically interpreted, means that if the values of cash flows, leverage, profitability, growth and market capitalization were fixed at zero, the market price per share would be 2947.430.

The R-squared value of 0.650 means that 65.0 percent of the variation in dividend rate is explained by cash flows, leverage, profitability, growth and market capitalization.

7. Conclusion

Pakistani stock markets are unpredictable for upbringing initial investment in stock market. Exclusively, accepted in KSE, there is no theory which we can apply effectively to prove truthiness. The market which is not efficient in terms of relative information, government control is no longer affected by these determinants. Due to inefficient market, the study may provide plenty of evidence that determinants of stock price have a little effect on share price. But investors are so many positive to some determinants that are most powerful and positive indicators in regard to profit from share market. However, investors, portfolios managers, and companies in our country are becoming aware of information. As the Pakistan stock market is an emerging market, further studies need to be conducted to gain a better understanding of the market behavior and assist investors, portfolios managers, and companies to make rational decisions. Research in this area should include market efficiency, reaction to the announcement of events, P/E ratio and stock market returns, and the impact on Pakistan stock market prices of regional and international stock markets. The result of the study reinforce that many factors have relationships, both positive and negative with share market. The study is not error free for selecting variables but it includes a set of determinants that are important.

The results of the empirical analysis are consistent with most of the findings provided in the literature review and support the existence of a long-run relationship between stock prices and both internal and external factors. The study reveals that some qualitative factors namely, company goodwill; market sentiments; company announcements; AGM; unexpected circumstances; analysts' report; technical influence; print and electronic media; hype; change in government policy; international situation; political turmoil as well as some quantitative factors like, dividend; market capital; price/earnings ratio; EPS; net income; return on investment; retained earnings; merger; stock split; margin loan; demand & supply of stock; inflation; interest rates; exchange rates affect the stock price. This study also finds that price earnings ratio; stock price rumor; demand for the share; changes in government policies; economic conditions are the most influential internal; external; economical; political; and environmental factors respectively regarding stock price. This paper also reveals liquidity, leverage, profitability, size of the firm, and dividend influence stock price, whereas growth has positive influence on stock price. It is also found that 65.0 percent of the variation in stock price is explained by cash flows, leverage, profitability, growth, market capitalization, and dividend.

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Appendices

Appendix 01: Internal factors influencing the Share Price according to their ranks

8 No	Internal Factor	1. Not Influenced	2. Slightly Influenced	3. Moderately Influenced	4. Influence D	5. Highly Influenced	WAS	Ranks
1	Cash Dividend	2	15	12	15	11	3.32	8 th
2	Bonus Dividend	2	6	16	16	15	3.65	4 th
3	Property Dividend	10	13	15	11	6	2.81	15 th
4	Earnings per share (EPS)	0	7	19	10	19	3.74	2 nd
5	Paid up capital	1	8	19	14	13	3.54	7 th
6	Outstanding share	9	12	15	17	2	2.83	14 th
7	Net income	4	15	20	12	4	2.95	12 th
8	Retained earning	6	14	14	16	5	3.00	11 th
9	Face value	5	14	15	17	4	3.02	10 th
10	Price earning (P/E) ratio	2	4	7	27	15	3.89	1 st
11	Returned on investment (ROI)	2	14	26	5	8	3.55	6 th
12	Company news	2	11	9	20	13	3.56	5 th
13	AGM, EGM	3	17	12	10	13	3.24	9 th
14	Placement share	6	16	17	9	7	2.91	13 th
15	Goodwill of the Firm	3	5	16	14	17	3.67	3 rd
Total (825)		57	166	232	216	154	—	—
Percentage (%)		6.90	20.12	28.12	26.18	18.67		

Source: Field Survey

Appendix-02: External factors influencing the Share Price according to their ranks

SL No	External Factor	1.Not Influenced	2.Slightly Influenced	3.Moderately Influenced	4.Influenced	5. Highly Influenced	WAS	Ranks
1	Growth of the industry	7	16	10	17	5	2.95	3 rd
2	Price hike of necessary Goods	25	6	11	10	3	2.27	8 th
3	Analysts report	5	20	10	10	10	3.00	2 nd
4	Sentiment	11	14	16	10	4	2.67	5 th
5	Closing month of the accounting period	8	16	12	11	8	2.90	4 th
6	Agents	14	21	9	10	1	2.32	7 th
7	Rumors	5	8	12	13	17	3.52	1 st
8	Available substitutes	15	13	12	12	3	2.54	6 th
Total (440)		90	114	92	93	51	—	—
Percentage (%)		20.45	25.91	20.91	21.13	11.59	—	—

Source: Field Survey

Appendix-03: Economic factors influencing the Share Price according to their ranks.

SL No	Economic Factor (Micro & Macro)	1.Not Influenced	2.Slightly Influenced	3.Moderately Influenced	4.Influenced	5. Highly Influenced	WAS	Ranks
1	Demand	9	14	10	7	15	3.09	1 st
2	Supply	12	10	12	12	9	2.92	3 rd
3	Interest Rate	17	13	7	12	6	2.58	4 th
4	Inflation	19	8	13	13	2	2.47	5 th
5	Exchange Rate	25	10	12	5	3	2.10	6 th
6	Margin loan	7	11	16	14	7	3.05	2 nd
Total (330)		89	66	70	63	42	—	—
Percentage (%)		26.97	20	21.22	19.10	12.72	—	—

Source: Field Survey

Appendix-04: Political factors influencing the Share Price according to their ranks

S L N o	Political Factors	1.Not Influence d	2. Slightly Influence d	3.Moderate l y Influenced	4.Influenc d	5.Highly Influence d	WAS	Rank s
1	Political connectivity of owner of the company at the time of having their govt.	12	8	15	13	7	2.90	3rd
2	Change in Government Policies	8	12	13	16	6	3.00	1st
3	Political turmoil	12	14	6	13	10	2.91	2nd
4	Lawsuits	14	13	13	13	2	2.56	4th
5	International situation	9	23	11	11	1	2.49	5th
6	Press conference and comments of political leader	13	17	21	3	1	2.30	6th
Total (330)		68	87	79	69	27	—	—
Percentage (%)		20.60	26.36	23.94	20.90	8.18	—	—

Source: Field Survey

Appendix-05: Environmental factors influencing the Share Price according to their ranks

SL No	Environmental Factors	1.Not Influenced	2.Slightly Influenced	3.Moderately Influenced	4.Influenced	5. Highly Influenced	WAS	Ranks
1	Regulatory	14	13	15	8	5	2.58	2 nd
2	Economic	12	9	12	15	7	2.92	1 st
3	Socio-Cultural	23	16	9	7	0	2.27	4 th
4	Technological	19	14	12	7	3	2.29	3 rd
5	Natural environment	22	19	7	6	1	2.00	5 th
Total (275)		90	71	55	43	16	—	—
Percentage (%)		32.73	25.81	20	15.63	5.81	—	—

Source: Field Survey

**Appendix: 6
 Variables Entered/Removed**

Model	Variables Entered	Variables Removed	Method
1	Dividend, Profitability, Growth, Liquidity, Size, Leverage ^a		Enter

a. All requested variables entered.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.806 ^a	.650	.559	337.06968

a. Predictors: (Constant), Dividend, Profitability, Growth, Liquidity, Size, Leverage

ANOVA^b

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	4851913.525	6	808652.254	7.117	.000 ^a
	Residual	2613167.274	23	113615.968		
	Total	7465080.799	29			

a. Predictors: (Constant), Dividend, Profitability, Growth, Liquidity, Size, Leverage

b. Dependent Variable: Price

Coefficients^a

Model		Un standardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2947.430	541.177		5.446	.000
	Liquidity	-1255.517	696.301	-.237	-1.803	.084
	Leverage	-28.376	17.665	-.307	-1.606	.122
	Profitability	-13.250	23.522	-.083	-.563	.579
	Growth	167.199	155.051	.142	1.078	.292
	Size	-364.347	68.025	-.993	-5.356	.000
	Dividend	-6.347	5.641	-.195	-1.125	.272

a. Dependent Variable: Price

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