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# The Influence of Internal and External Factors on Stock Price Fluctuations in Manufacturing Companies

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## Abstract
As far as stock prices are concerned, the consideration of both internal and external factors, is very necessary. In this study, we use financial ratios and interest rates as variables to study from 2019 - 2023 the stock prices of manufacturing firms listed on the Indonesia Stock Exchange (IDX). Internal variables investigated here include Return on Assets (ROA), Debt to Equity Ratio (DER) and Earnings Per Share (EPS); while the external variable to be considered is the benchmark interest interest rate. The data used in this study is from the company's own annual reports and internet sources such as Yahoo Finance. A regression model with a Fixed Effect approach took into account both the differences in company characteristics. These analyses shed light on problems such as whether the ROA and EPS affect stock price positive effects at the expense of DER. Instead, we find a significant negative effect on stock prices by benchmark interest rate. The adjusted $R^2$ nugget shows that the model is capable of shedding 0.961 units lighter elsewhere in explaining stock price changes. These results are able to help investors and company managers make their market performance related decisions more intelligently by revealing the factors that influence stock price movements.

**Keywords**:
Stock Price Fluctuations; Internal Factors; External Factors; Manufacturing Companies; Indonesia Stock Exchange.

## 1. INTRODUCTION

Stock price fluctuations are often influenced by a range of interconnected factors that are difficult to isolate. Changes in Chinese stocks indicate changes in the overall national economy. For instance, in July 2001 many companies listed on domestic stock exchanges gained at or near 20 percent of their stock value within days. This was partially due to a drop in control exercised during the formation period of the 16th Party Congress only three months later when Beijing's policies started to shift. Investors tend to focus on various factors before making investment decisions, including financial indicators and macroeconomic conditions that affect a company's operational performance. Another capital structure management approach pushes for a high level of nonspeculative earning.

When profit levels increase to satisfactory levels, the nonoperational risks posed by changes in Tak-Chi or unfavorable interest rates must be offset. Capital structure, profitability levels, and operational efficiency are key parameters for assessing the quality of company management. And as these indicators show positive results--going against the growing tide of business profit revisions into red ink--market confidence in the company generally increases. External economic pressures such as inflation, exchange rate fluctuations, and changes in interest rates threaten the financial stability of the company and decrease investor interest in stocks within this sector. Therefore, while both internal and external factors are important, it is only by understanding how they interact with one another in stock price dynamics that a truly detailed picture can be given. Through a coherent understanding of the many indicators, investors can submit to risk our principles and strive for maximum returns. At the same time, such an examination is valuable for company management

to respond more effectively to market changes, and enhances the company's competitive position in an increasingly competitive market.

Stock prices at manufacturing firms are influenced by various factors, both internal and external.Sukmadilaga et al. (2022) observed that flows of foreign investment and overconfidence can affect stock price movements; compared to the observational data prior to COVID-19 pandemic, more pronounced changes have becomed apparent in this respect as a result of measuring them at different times before-versus after that raging world threat This study indicates that psychological factors and flows of global investment play an important role in determining the direction of stock prices.Medyawati and Yunanto (2020) also found that internal variables such as profitability and capital structure have a significant impact on stock prices for Indonesian manufacturing companies.They pointed out that while macroeconomic conditions and other external factors also influence stock prices, the company's internal factors are the various signals a company is sending out to investors, indicating its potential performance. Furthermore, Sadrina et al. (2023) showed that such external influences on the public market process as government policies, shifts in interest rates, and the world market environment as a whole exert a significant impact on the volatility of stock prices for Indonesia's manufacturing companies. Linking these internal and external factors together is a necessary step when wrestling with the often-unpredictable forces of the market.

Based on these findings, it is important for corporate managers to understand both how to interact between these factors in making informed investment decisions and the right mixture of policy for managing risk in industry. Some aspects of the Indonesian factory can be likened to a microcosm of the public market. Du (2020) that stock prices of companies on the Indonesia Stock Exchange encountering drastic changes during the COVID pandemic. Stock prices of companies also internal factors closely related to their performance before, during, and after a crisis like this crisis; to some extent there is no doubt about how this will affect the world situation generally as well. Lestari and Usman (2020) also observed that such factors as liquidity, capital structure, and financial ratios play a major role in shaping stock returns for the manufacturing companies in Indonesia.According to these researchers, although external factors such as global market conditions affect investor decisions, a company's internal performance remains the main determinant of potential growth in stock. Bandawaty and Nurfitria (2023) found that directly company profitability influences stock prices. This study discovered that profitable companies get a more thorough look from investors, coupled with greater attraction factor in stock prices. While externals like economic policies or market trends come into play, it is profitability of a company that ultimately decides an investor's choice.

On the other hand, internal factors such as accounting profits and cash flow also influence stock price movements, a further study found from University Finance Department. The research, published in 'Jinge Finance' (2022), concluded that accounting profits and cash flows have a significant correlation with stock returns. Consistently high profits and smooth cash flows frequently are indications of a company’s financial health, and in turn this makes both individuals and institutions inclined to want to buy stocks in that company itself. They also stated that both external factors like global economic changes and internal factors such as the company's own performance level or capital structure contribute to the likelihood of financial distress happening in manufacturing companies. They studied that the more a company is dependent on debt, the greater its vulnerability to market conditions and changes in economic policy which, ultimately, will lead stock prices down. Also, both internal factors like operational performance and external ones such as inflation or interest rates greatly affect stock prices in the property and real estate sectors, as Safitri and Lestari (2022) note on their blog. According to their studies, the prices of speculative shares dearly depend on how much is charged by banks for the source of borrowing--credit; this ultimately affects whether or not people want to invest in company stocks. Syahfitri and Dewi (2019) added that a company's fundamentals, as well as external factors like inflation and the rate on Bank Indonesia Certificates, are key to determining stock prices for companies listed on the Indonesia Stock Exchange. While company performance is highly linked with internal characteristics of all shapes and sizes, there remains an impact from macro factors which is quite unavoidable.

The studies do not prove that stock price movements in manufacturing companies are influenced by internal and external complicated,interconnected or combined reasons.Internal factors, such as financial ratios, profits, cash flows, and profitability, are critical for attracting investor interest.Yet as always, the bigger picture should not be overlooked as there exists an ever - growing interrelationship between investment upon these external factors and transactions in securities and its financial structure. These can influence circuit operation...Both parties will be proactive if they can identify these interrelating internal/external substle interactions--investors making more informed choices; companies better able to respond to market changes. Later, we must continually study the development of these states in order to reduce risks and capture opportunities in today's dynamic stock market.

## 2. RESEARCH METHOD

The study focuses on manufacturing companies that are listed on Indonesiato Stock Exchange (IDX) between 2019 and 2023. This choice of the manufacturing sector is because it is far from significant role in Indonesian economy and of relatively large trading volume of the industry's stocks. This investigation follows a purposive sampling method in sampling to ensure data validity and representativeness. Several selection criteria were applied, including thie structural (tax registration) status of the company birds during the study period, completeness of annual financial reports, the use of Rupiah as a reporting currency, and lastly, thie reporting enterprise's market net profit has been maintained average for five consecutive years. Based on these standards, samples are from producers that meet all factors. There are one observation per company per year, and through five years of study the total number will be 300 observations (Fiqran Pratama et al., 2025).

From an entire population of manufacturing companies listed on the Indonesia Stock Exchange (IDX), qualified companies were selected using a systematic screening process. The selection procedure yielded 60 companies meeting all criteria--right for within-the-group comparison among them. As each company represents one observation yearly, 300 data observations were generated from the five years of observations. This sample selection was used to make sure that just companies which were appropriate with sound information would be included in the study, producing more representative and dependable results. The specifics of the sample screening process appear in the following table (Wisudani et al., 2021).

Table 1. Sample Selection of Manufacturing Companies Listed on the IDX (2019-2023)

| No | Sample Selection Criteria | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|---|---|
| | Total Manufacturing Companies Listed on the IDX | 174 | 185 | 197 | 212 | 224 |
| | IPO in the current year | 9 | 11 | 13 | 12 | 10 |
| 1 | Companies active from 2019 to 2023 | 165 | 165 | 165 | 165 | 165 |
| 2 | Companies that did not submit complete financial reports | (7) | (7) | (7) | (7) | (7) |
| 3 | Companies using foreign currencies in reporting | (23) | (23) | (23) | (23) | (23) |
| 4 | Companies that did not report net income | (75) | (75) | (75) | (75) | (75) |
| | Total Final Sample | 60 | 60 | 60 | 60 | 60 |

Source: Processed by the author based on public data and company financial reports

To estimate the extent to which changes in financial and macroeconomic variables affect the movements of stock prices for firms in central-java areas listed on Indonesian Stock Exchange (IDX). We take the stock price as the dependent variable because it is a reflection of how financial performance and economic conditions are being interpreted in the markets. In this study, independent variables used include profitability, capital structure, market value and the benchmark interest rate. These were chosen based on empirical evidence and theories proven in previous research which show a significant relationship between these factors and the price of a company`s stock. Profitability is measured by the Return on Assets (ROA) ratio, capital structure is represented by the Debt-to-Equity Ratio (DER), while Market Value prices itself is calculated in terms of the Price to Earnings (P/E) ratio. In addition, the benchmark interest rate is used to indicate general macroeconomic conditions that influence investment decisions for funds from outside a region or country. It refers to the findings of Ilhammia et al. (2025) that these variables affect stock price movements.

Using financial ratios applied commonly among capital market analysts as parameters, the study spans nine variables. The method of using secondary data makes the measurement more objective and verifiable, making it possible for the results obtained to be consistent with themselves. Credit-standing analysis, the use of secondary data allows a more accurate and reliable reading, so that the results can be trusted. In addition, using company annual financial reports as input data ensures that measurements have gone through established methodologies in financial analysis as well as how one measures the capital market. How each variable is measured is detailed in the next table, which also provides calculations for each kind of ratio used. Of course, most of these are mathematical operations rather than calculation from authentic accounting or finance sources; yet it is hoped that readers will still find them detailed on the whole same as what you would see in a financial text book. For example, the sign used to mark negative values is not at all important, so long as one chooses some non-standard one. The variables measured include profitability, capital structure, market value, and the benchmark interest rate--each of which has specific company performance and macroeconomic indicators linked to it. This technique is adapted from previous research by Pasaribu et al (2019). They used a similar method to analyze the relationship between financial ratios and stock prices.

Table 2. Operationalization of Variables

| No | Variable | Measurement | Scale |
|---|---|---|---|
| 1 | Stock Price | Closing price several days after the publication of financial reports | Ratio |
| 2 | Profitability | ROA = Net Income ÷ Total Assets | Ratio |
| 3 | Financial Leverage | DER = Total Debt ÷ Equity | Ratio |

| | | | |
|---|---|---|---|
| 4 | Market Value | EPS = Net Income ÷ Number of Shares Outstanding | Ratio |
| 5 | Interest Rate | Refers to the benchmark interest rate from Bank Indonesia | Ratio |

Source: Processed by the author

The method of data acquisition was documentation, which involved accessing this company's annual financial reports available to the public on Indonesia Stock Exchange website. In addition, economic statistics reports from government institutions were used to get details about new macroeconomic conditions relevant for our research. For the stock prices we employed public platforms such as Yahoo Finance and Bloomberg, where they provide historical data continuously needed by our research. Every single piece of data collected was then double-checked to make sure it corresponded exactly with that period, use of the same currency unit and whether all variables needed for conducting research were complete. Data validation is an important step to guarantee high accuracy and reliability. This method leans heavily on the techniques used in previous research by Britney et al. (2022), who also employed secondary data in order to look at the influence of financial indicators on stock prices.

## 3. RESULTS AND DISCUSSION

### 3.1. Result

#### 3.1.1. Multicollinearity Test

In regression analysis, multicolleariarity is a problem that must be dealt with. It occurs when two or more of the independent variables is highly correlated.Multicollinearity makes it difficult to test regression coefficients: because each variable 's effect on the dependent variable is lost in a maze of blood relatives that are all fighting for attention. In order to avoid this, we conducted a multicollinearity test using the method of the Pearson correlation coefficient, which is one way of measuring how strong is the linear relationship between two variables. If the result is very big, for example bigger than 0.800, then these two variables would always be considered highly correlated and thus pose problems for any regression model. But if the correlation value is small, that indicates there is not a lot of relationship between the two independent variables so as to disrupt results from this trial with their presence.

None of these individual correlations reached the threshold. In other words it can be concluded that the independent variables in this model are sufficiently low and does not lead to multicollinearity problems. This makes it possible for each of the independent variables to make a clear and separate contribution to the change in stock prices thereby enabling more accurate estimation results to be obtained. Counter-evidence from the successful multicollinearity test brings confidence that the regression model used here can bring more reliable results, devoid of the bother of excess correlations between the independent variables.

Table 3. Results of Multicollinearity Test (Pearson Correlation Coefficient)

| | ROA | DER | EPS | INT-RATE |
|---|---|---|---|---|
| ROA | 1.000 | -0.062 | 0.285 | 0.091 |
| DER | -0.062 | 1.000 | -0.057 | 0.024 |
| EPS | 0.285 | -0.057 | 1.000 | 0.047 |
| INT-RATE | 0.091 | 0.024 | 0.047 | 1.000 |

Source: Data processing results

Since all correlation values are below 0.800, this tells us that independent variables aren't strongly connected to each other. As a consequence, in the model, each independent variable has a different effect on the dependent variable. This condition guarantees us that we can go on and analyse the model further without any mullticollinearity yet still existent problem.

#### 3.1.2. Selection of Panel Data Estimation Model

The selection here of the estimation model invokes three principal methods: the Common Effect Model (CEM), the Fixed Effect Model (FEM) and the Random Efsect Model (REM).This one handles parallel data in three different ways. CEM assumes that all units in the data share a single set of characteristics, whereas FEM allows each unit to have a different intercept. Random Effects Model (REM) further assumes that any differences between units can be accounted for by random factors. To confirm which one is correct, we worked out in the future statistical tests will be employed to determine exactly what kind of suitable model fits our data set. The Chow and Hausman tests will be used to pick among these three models.1 The Chow Test is taken to compare the Common Effect Model with a Fixed Effect Model.This test reports the extent to which differences in companies need to be included in it. The result is shown in step 1 and unfortunately statistics indicate a very high significance value - 0.000 - which is lower than the 5% significance level suggesting at least some effect of company characteristics on stock prices.Therefore, The Fixed Effect Model was selected since it addresses relevant conditions for data that is mixed in nature, varies significantly from company to company.2 The Hausman Test was then performed to compare between the Fixed Effect Model

and Random Effect Model.Its purpose is to know whether the difference between entities should be explained by random factors or if company specific characteristics need to be incorporated into the model. The significance value obtained is 0.003, again smaller than 0.05, according to this criterion The Fixed Effect Model is preferable to Random Effects Model because differences among companies are not random but because each company's characteristics have their own individual effect.Bases on the results of both tests, the Fixed Effect Model was chosen as the most appropriate model for analyzing the relationship between financial variables and stock prices. The use of this model makes it easier to illustrate the discrepancies between companies (which are heavily influenced by specific company conditions) and get a model close to reality in understanding stock price dynamics toJSON available.

### 3.1.3. Regression Analysis Results

Using the Fixed Effect approach, we did multiple linear regression analysis to examine impact of independent variables on stock prices of companies. This was selected as the method to be employed, as it can accurately reflect differences in characteristics of various companies, which has a large impact on getting more precise and valid results.ROA, financial leverage (DER), market value (EPS) and the benchmark interest rate (INT-RATE) are all tested as variables in this model. Stock price should be influenced significantly in a positive or negative way by each of these independent variables.

In this study, the data lead to the conclusion that ROA has a positive effect on share prices; generally speaking, the higher the rate of return, stock. However, although the degree of debt was high for companies like these, their stock price was not so heavily influenced by that level. It never emerged as an important issue to engage investment institutions - in other words the public did not seem to care too much about this particular difference between companies. This result helps us to have a deeper understanding of what's really going on behind stock prices in the market. You can see the outcome as in Table II.

Table 4. Results of Multiple Linear Regression with Fixed Effect Model

| Variable | Coefficient | Probability |
|---|---|---|
| Constant | 6.541 | 0.000 |
| ROA | 2.115 | 0.000 |
| DER | 0.017 | 0.763 |
| EPS | 0.002 | 0.028 |
| INT-RATE | -3.864 | 0.005 |

Source: Regression processing results

The regression model formed can be expressed as follows:
Stock Price = 6.541 + 2.115(ROA) + 0.017(DER) + 0.002(EPS) - 3.864(INT-RATE)
Interpretation of the results:

1) ROA has a significant positive effect on stock prices. High profitability performance tends to increase market confidence, making the company’s stock more attractive to investors.
2) DER shows a positive but insignificant coefficient. This indicates that the debt-based financing structure does not have a substantial impact on investor perception, or its effect is neutral in the short term.
3) EPS has a significant positive impact. Companies that report higher earnings per share are generally perceived to have more promising financial prospects.

Benchmark Interest Rate shows a significant negative effect. An increase in interest rates reduces the attractiveness of the stock market, as the cost of capital rises, and investors tend to shift to fixed-income instruments.

### 3.1.4. Coefficient of Determination

To determine how well non-model var's can explain S&L stock prices, all the factors that are independent factors in our models plus calculated results obtained by multiplying by is determined into sumsquares. An Adjusted $R^2$ value of 0.961 indicates that more than 96% of the variation in stock prices can be accounted for ROA (Profitability), DER (Financial Leverage), EPS (Market Value), and the benchmark interest rate (INT-RATE). This impressive OpensourceBuddha chart suggests that given the model used, predictive capability is highly of concern-majorfor grafting on the surface appearance of the Universe onto a line as it ages and matures later in time. Nevertheless, as strong-mind2 refuses to be defiled by ear-tickling false doctrine, so does this three-factor model. Although, for the same two reasons mentioned earlier, 3.9% of variation in stock prices can still be found unexplained. Again, this means that there are other factors of influence on stock prices not incorporated into this three-stage frail model off the shelf butguaranteedto wreak destruction on any aigaia project :-) They could consist of fortuitous market conditions, changes in corporate policy or perhaps outside influences like political and economic uncertainties that could affect the whole market.

This variation illustrates that although most stock price movements are explained by the model at least in part, the unkown effects of other variables do not yet fall into it. The stock price can be influenced by forces other than the ten explained above, such as changes in industry trends. The stock prices can also be influenced by market response to particular news stories like this past year's American presidential election or recent Congressional vote passing healthcare reform legislation; even though they are not taken into account in current analysis. The high Adjusted R2 value indicates that the relationship between financial sentences and stock prices in this model suits market figures well. But additional aspects wait for study, on a broader scale in future research.

### 3.1.5. Partial Test (t-Test)

The t-test is also known as the partial test. One use of this test is to measure the effect of each independent variable on stock prices. This test is designed to answer how much stock prices are influenced by each variable, when all other variables are unchanged. The t-test can also furnish useful information about the firmness of relationships among particular variables and stock price movements in the market. The ROA (Return on Assets) p-value is less than 0.01, indicating that a company's profitability has an impact on stock prices. The greater a firm's ability to turn a profit from its assets, the more appealing it will be to investors. This explains why higher profitability will attract market favor, and also consequently raise share prices.

1) DER (Debt to Equity Ratio) shows statistically insignificant results, with a probability value greater than 0.05. This suggests that the debt-to-equity ratio does not have a strong influence on stock prices for the companies in this study. Although debt usage can impact a company’s capital structure, the market does not place significant emphasis on the debt ratio as long as the debt is managed well and used for productive purposes, such as expansion or profitable investments.
2) EPS (Earnings Per Share) shows a significant positive impact on stock prices. While the coefficient is relatively small, earnings per share remain a highly regarded indicator by investors. Companies with higher EPS are often perceived as more profitable and stable, making their stocks more attractive. Although its impact is smaller compared to profitability, EPS still plays an important role in investment decisions.
3) INT-RATE (Benchmark Interest Rate) shows a significant negative effect on stock prices. An increase in interest rates leads to a decrease in stock prices because it raises borrowing costs and makes alternative investment instruments, such as bonds, more appealing. Higher interest rates can slow down economic growth, which can ultimately affect company performance and reduce stock values.

The t-test results show that ROA and EPS have a significant positive impact on stock prices, while DER does not have a significant effect. The benchmark interest rate (INT-RATE), on the other hand, has a noticeable negative impact on stock prices. These findings provide a clear understanding of the factors that can influence investment decisions in the stock market.

## 3.2. Discussion

This study is based on 2019-2023 data of stock prices listed at the Indonesia Stock Exchange. It helps illuminate how important core elements of the company and macroeconomic conditions interact to affect movements in share prices. Only Return on Assets (ROA) and Earnings per share (EPS) can significantly enhance the share price. This) accords with what Arofatin et al. (2023) discovered in their research that a firm's profitability, (reflected in the ROA ratio,) has a positive impact on stock prices. High ROA means that a company is making good use of its assets to earn as much money as possible. For investors to know whether or not this will happen then, becomes one point in our model. More efficient management of a company's assets generally leads to more investment attractiveness for that company. As a result, enthusiasm in the stock market (from investors as a whole) benefits both companies and shareholders.

Earnings per share (EPS) also has a positive relationship with stock prices. On a per-share basis, it is one of the key indicators used by investors to evaluate a company's profitability. High EPS companies generally have more stable financial performance and greater potential, so they are preferred by investors. Bandawaty and Nurfitria (2023) is also supported by this finding. They argue that high profitability shown in EPS sends a positive signal to investors and will raise stock prices.

This was not borne out for the manufacturing companies listed on the IDX. In line with the findings of Medyawati and Yunanto (2020), who found that the debt-to-equity ratio has no effect on stock prices, the DER ratio affects a company's capital structure but does not significantly alter its stock price. When it comes to the structure of financing as well as debt, perhaps investors might focus less on just the metrics such as ratios and corresponding figures, and more on how a company is doing financially. On this line of argument, then, if a company's debt is well controlled and used for profitable purposes say expansion or investment in profitable ventures—to that extent the debt will not negatively affect stock prices.

Apart from internal factors, external circumstances also affect the stock prices of manufacturing companies. Results in this investigation show that the Basic Interest Rate makes stock prices fall. As interest rates rise, the cost of capital for companies rises too. Hence, earnings can be reduced and stock investment becomes less attractive to investors. This is in keeping with economic theory. In theory, higher interest rates

lead to higher borrowing costs, making other financial instruments like bonds or deposits more attractive investments. Herdiman and Amperaningrum's (2024) research also confirms this conclusion, finding that interest rates affect investor enthusiasm for different industries, one of which is manufacturing. When interest rates rise, stock prices are likely to fall as companies must pay more for borrowings and thus their profitability decreases. At the same time, investors will look for other forms of investment, ones with low risk and more predictable returns.

Other than interest rates, global economic situations or government policies (all of which are external stimuli) will be important factors in this. Sadrina et al. (2023) argues for example that such things as fiscal policy changes, interest rate changes or global market circumstances can bring large fluctuations in stock prices in industry sectors. Current examples: Unstable global economic situations, such as economic crisis or international trade disagreements, will create market uncertainty and undermine investor confidence. This will result in low stock levels. It is impossible to forget the impact of government policies, as Piero and Natsir (2023) emphasize. For instance, policies which support industry (tax incentives, grants or import-export regulations) will have clear effects upon the performance of a particular industry and increase the attractiveness of stocks in companies within that sector. On the contrary, policies that restrict or raise costs for companies will not motivate investors but in many cases reduce investor confidence and reduce stock prices.

In addition to those factors already discussed, there are others time and again that have been shown to affect but are not included in this mode. For instance, ppyCoptis rhizome, goldenseal root from Siberia or Oregon flank steak all break down into heat inside our bodies and therefore make us feel cold. However, people get far hotter from chiles than they do cold because they stimulate all kinds of sweat pores on skin although other spices such as ginger are mild damp which means your nose should be only running water with no sneezing accompanying it. This model does not include psychological factors in the calculations of stock prices, however, and how a trader "feels" about trading has become important as an index this year. Influenced by domestic and international developments from other countries (Sukmadilaga et al. 2022) arrive at a similar conclusion: foreign investment flows and market sentiment can have a big impact on stock prices, even if these are largely short-term phenomena. Based on the variables used in this regression model-EPS, ROA, DER, and the benchmark interest rate-the Adjusted $R^2$ value of.961 indicates that more than 96% of stock price variations are explained by these factors. From this we can conclude: the regression model employed is very efficacious in its description of stock price movements within the market. Despite this being the case while only 3.94% of all stock price movements is unexplained by these variables, other factors such as changes in industry trend or market reactions to individual news events may yet alter stock prices that are otherwise already explained by our model.

The t test results indicate that ROA and EPS have a significant effect on stock prices, indicating the importance of a company's profitability in determining its stock value. Conversely, DER does not have a significant effect, showing that although the structure of a company's debt influences the structure of its capital it is not what investors primarily look at in valuing share prices over short periods of time.

## 4. CONCLUSION

From 2019 to 2023, the stock price fluctuations of manufacturing companies listed on Indonesia Stock Exchange are significantly affected by both internal and external factors. The study results show that the more internal factors such as Return on Assets (ROA) and Earnings Per Share (EPS) are improved, the stronger the trend of stock prices is in an upward direction. Companies with bigger ROA, that is to say higher performance ratios, can generate more profits from their assets which leads to heightened interest from investors. Similarly, a company with higher EPS (indicating better per share earnings) attracts more potential investors as it signals bright financial prospects. On the other hand, benchmark interest rates have been shown by statistical analysis to have a negative effect on stock prices. One reason is that when interest rates go up, borrowing costs rise and the lure of company stocks decreases in the market. This is due in part to people wanting safe investments security such as bonds rather than equities. This item shows how macroeconomic factors may radically alter stock market dynamics. However, the capital structure as measured by debt/equity ratio (DER) not show significantly affects stock prices in this study. This is likely because there is no direct link between the behavior of debt and the response of markets. These findings are valuable for both investors and business managers. A good understanding of what factors influence stock prices can help in making smarter judgements while engaging in more agile strategies during an environment that continually changes.

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