

**Reassessment of CAPM's Relative Accuracy:  
Comparative Study with Actual Price  
Movement Using Moving Average on the  
Indonesian Stock Exchange (2019-2022)**

**THESIS**



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**IN DEGREE PROGRAM  
MAGISTER OF MANAGEMENT  
BAKRIE UNIVERSITY  
JAKARTA, INDONESIA  
2023**

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ACCURACY: COMPARATIVE STUDY WITH ACTUAL  
PRICE MOVEMENT USING MOVING AVERAGE ON  
THE INDONESIAN STOCK EXCHANGE (2019-2020)**

**A THESIS**

Submitted in partial fulfillment of the requirements for the Degree of  
MASTER OF MANAGEMENT



UNIVERSITAS  
**BAKRIE**

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2023**

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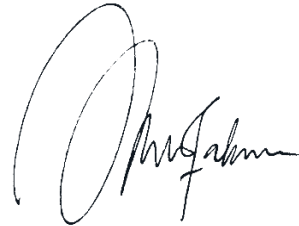
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Jakarta, May 2023

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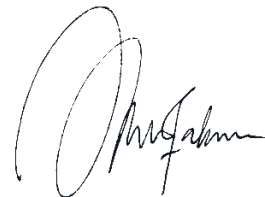
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**ABSTRACT**

This study aims to investigate the accuracy of the Capital Asset Pricing Model (CAPM) in predicting stock returns on the Indonesian Stock Exchange (IDX) during the period of 2019 to 2022. The objectives of the research are to benefit the individuals and communities such as enhancing individuals' decision-making in predicting stock returns, advancing community understanding of financial markets, and contributing new investment insight for societal benefits. The sample comprises 45 selected stocks out of more than 700 stocks, using K-Means Clustering to ensure a diverse and representative dataset. The selected stocks were predominantly from the Energy sector (14), followed by Consumer Non-Cyclicals (9), Basic Materials (6), Healthcare (5), Industrials (3), Financials (3), and other sectors with one stock each.

In order to assess the accuracy of the CAPM, this analysis was conducted by comparing the predictive capabilities of CAPM with the Moving Average (MA) method. The study's findings demonstrate that the CAPM is effective in predicting stock returns, as the suggested decisions based on the CAPM results are 87% aligned with the price movements observed in the MA analysis, which means this analysis validates the accuracy of the CAPM and demonstrate the value of incorporating multiple analytical methods to strengthen the accuracy of financial predictions. Although the CAPM method also identifies as a good predictor for the portfolio during the economic recovery, it still needs wider analysis from another aspect to build better investment strategies. These findings differ from certain researchers that argue against the effectiveness or accuracy of CAPM when compared to alternative models. This contrast reinforces the relative accuracy of CAPM within the scope of this study.

## TABLE OF CONTENTS

<b>COVER TITLE .....</b>	<b>i</b>
<b>DECLARATION OF AUTHORSHIP .....</b>	<b>ii</b>
<b>ADVISOR’S APPROVAL SHEET .....</b>	<b>iii</b>
<b>ACKNOWLEDGEMENT .....</b>	<b>iv</b>
<b>PUBLICATION CONSENT STATEMENT .....</b>	<b>v</b>
<b>ABSTRACT .....</b>	<b>vi</b>
<b>TABLE OF CONTENTS.....</b>	<b>vii</b>
<b>LIST OF FIGURES .....</b>	<b>viii</b>
<b>LIST OF TABLES .....</b>	<b>ix</b>
<b>CHAPTER 1 – INTRODUCTION .....</b>	<b>1</b>
I.1 Background.....	1
I.2 Problem Statement.....	3
I.3 Objective of Research.....	4
<b>CHAPTER II – THEORETICAL BACKGROUND .....</b>	<b>6</b>
II.1 Grand Theory .....	6
II.2 Literature Review .....	14
II.3 Research Framework.....	20
<b>CHAPTER III – METHODOLOGY OF RESEARCH .....</b>	<b>22</b>
III.1 Population .....	23
III.2 Sample.....	24
III.3 Operational Variable .....	25
III.4 Methodology of Analysis.....	27
<b>CHAPTER IV – RESULT AND DISCUSSION.....</b>	<b>31</b>
IV.1 The Analysis K-Means Clustering.....	31
IV.2 The Analysis Individual Stock Returns .....	41
IV.3 The Analysis of Systematic Risk .....	44
IV.4 The Analysis of CAPM .....	48
IV.5 The Accuracy Analysis of CAPM .....	54
IV.6 The Result Comparison with Previous Study .....	64
<b>CHAPTER V – CONCLUSION AND RECOMMENDATION.....</b>	<b>66</b>
<b>REFERENCES.....</b>	<b>68</b>
<b>APPENDIX .....</b>	<b>72</b>



**LIST OF FIGURES**

Figure 1.1 Jakarta Composite Index (JCI) in 2019 to 2022 .....	2
Figure 2.1 Framework Thinking of Research .....	22
Figure 3.1 Historical Yearly Government Bond .....	29
Figure 4.1 The Elbow Method .....	33
Figure 4.2 3D Scatter Plot .....	34
Figure 4.3 Summary Chart of Selected Sectors .....	40
Figure 4.4 Scatterplots of the stocks with the highest beta ( $\beta$ ) .....	46
Figure 4.5 Scatterplots of the stocks with the lowest beta ( $\beta$ ) .....	47

## LIST OF TABLES

Table 2.1 Summary of research references .....	14
Table 3.1 Operational Variable .....	25
Table 4.1 Summary Data 2019 .....	31
Table 4.2 Summary Data 2020 .....	31
Table 4.3 Summary Data 2021 .....	32
Table 4.4 Summary Data 2022 .....	32
Table 4.5 Rank of Cluster 2019 .....	35
Table 4.6 Summary Clustering of All Sectors 2019 .....	35
Table 4.7 Rank of Cluster 2020 .....	36
Table 4.8 Summary Clustering of All Sectors 2020 .....	36
Table 4.9 Rank of Cluster 2021 .....	36
Table 4.10 Summary Clustering of All Sectors 2021 .....	37
Table 4.11 Rank of Cluster 2022 .....	37
Table 4.12 Summary Clustering of All Sectors 2022 .....	37
Table 4.13 Summary of Selected Stocks.....	38
Table 4.14 Summary of Selected Sectors .....	40
Table 4.15 Summary of Selected Segment .....	41
Table 4.16 Summary of Annual Return of Stocks .....	42
Table 4.17 Summary of beta ( $\beta$ ) and alpha ( $\alpha$ ) values .....	44
Table 4.18 The Expected Return of Stocks in 2019 .....	49
Table 4.19 The Expected Return of Stocks in 2020.....	50
Table 4.20 The Expected Return of Stocks in 2021 .....	52
Table 4.21 The Expected Return of Stocks in 2022.....	53
Table 4.22 Summary of Error in Stock Prediction .....	55
Table 4.23 Recommendation of Investment in 2023 .....	63
Table 4.24 List of Company Stocks in IDX 2019 .....	73
Table 4.25 List of Company Stocks in IDX 2020 .....	80
Table 4.26 List of Company Stocks in IDX 2021 .....	96
Table 4.27 List of Company Stocks in IDX 2022 .....	101
Table 4.28 Comparison CAPM Results and Price Movement.....	115