

ABSTRACT

**EXCHANGE RATE AS A MODERATOR OF TRADING VOLUME
ACTIVITY, STOCK PRICE VOLATILITY, MARKET
CAPITALIZATION, AND INFLATION ON STOCK RETURNS
(Survey on Integrated Stock Markets: Indonesia, Singapore, and Thailand,
2014 - 2024)**

By

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This study aims to examine the influence of Trading Volume Activity, stock price volatility, market capitalization, and inflation on stock returns, and further investigates the moderating role of the exchange rate in these relationships. The research focuses on 21 leading companies in Indonesia, Singapore, and Thailand—three ASEAN member countries with the largest market capitalizations—over the period 2014 to 2024. These countries were selected as representatives of the integrated ASEAN equity market, characterized by distinct macroeconomic conditions and market structures. Panel data regression with a Moderated Regression Analysis (MRA) approach was employed to assess the extent to which exchange rates moderate the relationships between market indicators, macroeconomic indicators, and stock returns. The empirical results reveal that trading volume activity has a positive yet statistically insignificant effect on stock returns, stock price volatility exhibits a positive and significant effect, and market capitalization shows a positive but insignificant effect. Inflation is found to have a positive and significant influence on stock returns. Furthermore, the exchange rate is shown to moderate only the effect of inflation on stock returns as a macroeconomic indicator, while it does not moderate the effects of market-related indicators. These findings contribute to the literature on ASEAN market integration by demonstrating the heterogeneous sensitivity of stock returns to fundamental factors and highlighting the limited moderating role of exchange rates within the dynamics of return formation.

Keywords: *Stock Returns, Trading Volume Activity, Stock Price Volatility, Market Capitalization, Inflation, Exchange Rate, ASEAN Stock Markets.*