# CAPITAL ASSETS PRICING MODEL PREDICTION AND ARBITRAGE PRICING THEORY AGAINST STOCK RETURN OF INDONESIAN GOVERNMENT BANK

**AINUL MARDHIYAH**
Business Education Program
Faculty of Economics
Universitas Negeri Medan
18ainul@gmail.com

## ABSTRACT

Stock return fluctuations are very difficult to predict, but this study attempts to test the Capital Assets Pricing Model and Arbitrage Pricing Theory in detecting long-term returns of special shares of state-owned banks. The data analysis model uses Vector Autoregression (VAR), Impulse Response Function (IRF) and Variance Decomposition (VD). The results show the VAR shows the largest contribution to the stock beta is the exchange rate. The greatest contribution to the return of risk-free assets is the exchange rate. IRF test results that the stability of stock return of all variables in the medium term. VD test results in the short term CAPM method through RF is more accurate in predicting stock return than the APT method.

***Keywords: CAPM, APT, VAR Approach***