

# Financial Market Data Versus Accounting Data: Persistent Patterns in Explaining Stock Returns in the Indonesian Capital Market During the Covid-19 Pandemic.

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- **Abstract:** Background - The financial position of a company is not determined by its stock price dynamics in the capital markets. Investors often do not base investment decisions on accounting information. In general, the information retrieved from the financial statements and the external environment affect the value of a company and investment decisions. The economic environment aspects, such as state macroeconomics and the stock market, show that accounting and financial data help determine the value of a company. Investors use a valuation model to access valuable information, and with comparative analysis, they determine how market data and accounting information affect the return on investment and stock prices. Purpose - This study aims to determine whether existing and potential investors rely heavily on financial information or accounting data in evaluating stock prices. Most companies use accounting variables or financial market data models to value stock prices. Design/methodology/approach - This study focuses on companies that traded at the Indonesia Stock Exchange during the Covid-19 pandemic in 2018-2021. The valuation techniques are based on accounting variables, such as book value, income, research and development costs, and cash flow. It also involves analyzing data from financial markets, including interest, market value, and beta. Findings - The results show that investors should give more weight to accounting data when evaluating viable investment options to rely on financial market data. Therefore, the accounting standard regulators should continually update accounting methods that guide investors on the quality of financial reports. Furthermore, using the market data (CAPM) and the Ohlson accounting data model in estimating the price of stocks relates to two variables utilized in explaining each model. One such variable was the prices in the Ohlson model, which had a positive correlation with stock prices. Limitations- This study used Ohlson price model for accounting data. However, many studies do not use this model in predicting stock prices. It is often used in predicting company wealth. The study used CAPM and Ohlson since these models can predict stock prices though not often. Originality/value - The objective of this study is to compare

the effectiveness of the two models in predicting stock prices and returns using accounting and market during the COVID-19 pandemic in Indonesia.

- **Keywords:** capital markets, CAPM, investment decisions, accounting data