

ABSTRACT

Bid-ask spread is a function of the three components of the cost of the trading stock namely inventory holding cost, order processing cost, and the cost of information asymmetry. This study aimed to analyze the effect of variable stock returns, stock return variance, and stock trading volume of the bid-ask spread. The population in this study is a company incorporated in the LQ-45 index period 2009-2011. The sample is a manufacturing company whose shares are incorporated in the LQ-45 index. The sample set using purposive sampling method, as the number of samples obtained by 12 companies. Research using multiple regression analysis.

The results showed that the first hypothesis (H_1) was rejected stating that stock returns do not affect the bid-ask spread, The second hypothesis (H_2) was received stating that the return variance effect on the bid-ask spread, and the third hypothesis (H_3) is rejected stating that the volume perdagangan no effect on the bid-ask spread.

Keywords: Bid-ask spreads. Stock Return, Stock Return Variance, and Stock Trading Volume.