

The Effect of expected Rate of return according to Capital Assets Pricing Model (CAPM) on Investors' Decisions

Prepared by the student: Ahmad Omar Hasan Aburumman

Supervised by: Dr. Osama Shaban

Abstract

The aim of the current study is to figure out the effect of the expected rate of return according to capital assets pricing model (CAPM) achieved by Jordanian industrial companies on investors decision. The study focused on the accounting assets Model, as it exclude most of the disadvantages of other (CAPM) assets models. The study population is formed out of the drugs and food industrial sectors, which represent 18 companies. To achieve the objectives of the study, the financial statements for the sample companies have been analyzed for the period from 2011-2015. The study concluded that, there is a moderate statistical significant effect of the expected rate of return on the market stock price of both industrial sectors. Also, there is a statistical significant of the expected rate of return on the exchange volume of the drugs sector, but not significant on the food sector. In light of the conclusions, the study recommended that the accounting assets model is an important tool to be used in assessing stock value and variances of prices.

Keywords:

Expected rate of return, Accounting Assets model Capital assets pricing model, Jordanian industrial companies.