CHAPTER 5

CONCLUSION

This chapter will summarize the research conducted and gives recommendation to help further research similar with this topic.

5.1 Conclusion

In this study, we analyzed the effects of previous information due to stock growth and volatility in the US, Singapore, and Chinese stock markets in the Indonesian stock market with growth potential. This paper studies the US S&P 500 Index, China SSEC Index, Singapore STI Index, and Indonesia COMPOSITE (IDX) Index to analyze whether there are any information spillovers between the stock markets.

The empirical result shows that there is not enough evidence to support any information spillover effects between the index markets. Based on the results of the empirical interpretation, investors can conclude that they cannot rely on other index markets to account for COMPOSITE in the short term. Sometimes the U.S. index is related, while the other two countries (China and Singapore) cannot be guessed. However, it is also impossible to predict whether the US is positive or negative. There are other proxies that can better explain COMPOSITE, such as the coronavirus, the Sino-American trade war, and the regime change in each country. Investors need to focus more on these factors to better understand the spillover effect.

5.2 Research Limitations and Recommendations for Future Studies

This study has the following limitations. The analysis data used in this country are daily data from July 2010 to June 2020. However, it is expected that more detailed analysis results will come out if we divide and analyze the special events (EX: Covid-19, change of each country president, trade war) that occurred during the analysis period.

The IHSG is also influence by other factor Rupiah exchange, GDP growth, and Dow Jones index found by Oktavia and Handayani (2018). And Investors need to focus more on these factors to better understand IHSG. And in addition, it seems that investors can prepare for the effect of information transfer.