

Table of Contents

Thesis Approval	i
Statement of Originality	ii
Foreword and Acknowledgement	iii
Table of Contents	iv
List of Tables.....	vi
List of Figures	vii
List of Appendices	viii
Intisari	x
Abstract	xi
CHAPTER I INTRODUCTION	1
1.1. Background	1
1.2. Problem Identification.....	4
1.3. Research Question.....	4
1.4. Research Purpose	5
1.5. Research Benefit	5
1.6. Research Contribution.....	5
1.7. Scope of Study	6
1.8. Research Structure	7
CHAPTER II LITERATURE REVIEW	8
2.1. Efficient Market Hypothesis Theoretical framework	8
2.1.1. Arbitrage Pricing Theory	9
2.2. Literature review	12
2.3. Literature Gap	15
2.4. Research Hypothesis	16
CHAPTER III RESEARCH METHODOLOGY.....	17
3.1. Research Design.....	17
3.2. Data Source and Variable Identification	17
3.2.1. Stock Index.....	18
3.2.2. Consumer Price Index.....	18
3.2.3. Real Exchange Rate	18
3.2.4. Industrial Production Index.....	19
3.2.5. Interest Rate	19
3.2.6. Crude Oil Price.....	19

3.2.7. Covid19 Dummy	20
3.3. Data Analysis Technique	20
3.4. Econometric Model Specification.....	21
3.5. Unit Root Test	24
3.5.1. Augmented Dickey-Fuller (ADF) Test	25
3.5.2. Philips-Perron Test.....	26
3.6. Optimal Lag Selection and Cointegration Estimation	26
3.7. Short Run Estimation	27
3.8. Diagnostic test.....	28
3.8.1. Lagrange Multiplier LM	28
3.8.2. Ramsey's RESET Statistic.....	28
CHAPTER IV RESULT AND DISCUSSION	30
4.2. Unit Root Test	32
4.3. ARDL Model: Long-run Bound test and Error Correction Estimation	35
4.3.1. Optimal Lag Selection.....	35
4.3.2. Long Run Bound Test and Error Correction Estimation	36
4.4. Result Estimation Summary of Short Run and Long Run on All Variables.	41
4.5. Sensitivity Analysis.....	45
CHAPTER V.....	49
CONCLUDING REMARKS	49
5.2. Limitations	51
5.3. Implication and Policy Recommendation	52
Reference.....	54
Appendix	59