

***INTEGRATION OF SOUTHEAST ASIAN STOCK MARKETS WITH THE
WORLD STOCK MARKET: APPLICATION OF INTERNATIONAL
ASSET PRICING MODEL***

ABSTRACT

This study aims to determine the integration level of Southeast Asian stock market with the world stock market using an international capital asset pricing model. The countries that were sampled in this study were Indonesia, Malaysia, Philippines, Singapore and Thailand. The sample period starts from January 2000 until August 2016. This study uses an partially-segmented international capital asset pricing model by including the assumption of residual that were correlated between asset pricing equations. Because of this assumption, the seemingly unrelated regression (SUR) estimation method is more appropriately compared to the ordinary least square (OLS) method. The results of this study indicate that the integration level of Southeast Asian stock market varies. The Singapore and Thailand stock markets are fully integrated with the world stock market, the Indonesian and Malaysian stock markets are partially integrated with the world stock market, while the Philippine stock market is segmented with the world stock market. This finding shows the difference in the effectiveness of the stock market liberalization process in Southeast Asia.

Keyword : Stock Market Integration, Asset Pricing Model, Seemingly Unrelated Regression

**INTEGRASI PASAR SAHAM ASIA TENGGARA DENGAN PASAR
SAHAM DUNIA: APLIKASI *INTERNATIONAL
ASSET PRICING MODEL***

INTISARI

Penelitian ini bertujuan untuk mengetahui tingkat integrasi pasar saham Asia Tenggara dengan pasar saham dunia dengan menggunakan *international capital asset pricing model*. Negara yang menjadi sampel dalam penelitian ini adalah Indonesia, Malaysia, Filipina, Singapura dan Thailand. Periode sampel dimulai dari Januari 2000 hingga Agustus 2016. Penelitian ini menggunakan model *international capital asset pricing model* yang tersegmentasi parsial dengan memasukkan asumsi adanya korelasi residual antar persamaan *asset pricing*. Karena adanya asumsi ini, metode estimasi *seemingly unrelated regression (SUR)* lebih tepat digunakan dibandingkan dengan metode *ordinary least square (OLS)*. Hasil penelitian ini menunjukkan bahwa tingkat integrasi pasar saham Asia Tenggara berbeda-beda. Pasar saham Singapura dan Thailand terintegrasi penuh dengan pasar saham dunia, pasar saham Indonesia dan Malaysia terintegrasi parsial dengan pasar saham dunia, sedangkan pasar saham Filipina tersegmentasi dengan pasar saham dunia. Temuan ini menunjukkan adanya perbedaan tingkat keefektifan proses liberalisasi pasar saham di Asia Tenggara.

Kata kunci: Integrasi Pasar Saham, Asset Pricing Model, *Seemingly Unrelated Regression*