

**STOCK PRICE MOVEMENT ANALYSIS OF THE FINANCIALS INDUSTRY
LISTED ON THE STOCK EXCHANGE OF INDONESIA
PERIOD JANUARY 1999 – DECEMBER 2007**

**ANALISIS PERGERAKAN HARGA SAHAM PADA INDUSTRI KEUANGAN
YANG TERDAFTAR DI BURSA EFEK INDONESIA
PERIODA JANUARI 1999 – DESEMBER 2007**

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Tanggal Wisuda : 24 Juli 2008

ABSTRACT

This study planned to examine weak-form efficient market and investigate causality relationship between sub sector's stock price indexes of financial sector on stock exchange of Indonesia. Those sub sectors covered bank, financial institution, insurance, securities company, and investment/mutual fund.

Based on pre test using unit root test Dickey-Fuller found that all index was not stationer, thus differentiation of index that is represented in return of index was used for each sub sector. First test using Durbin-Watson test was to see random walk through autocorrelation in return of index. Second test was done using correlation, regression, and Granger causality test.

Using Durbin-Watson test found that there was no autocorrelation on each sub sector. It meant that random walk theory occurred so that stock price movement was random and not able to be predicted based on historical stock price. In other perspective, stock exchange behaved weak-form efficient. Then using relationship test between sub sectors resulted that there was contemporary linear relationship between return of index. The last, using Granger causality test found that there was significant causal relationship for almost sub sector on financial sector

Keywords: index, sub sector, financial sector, random walk, Durbin-Watson, causality, Granger