

ABSTRACT

The purpose of this study is to know the existency of the spillover volatility on stock markets Indonesia and Thailand as well as the influence relationship of both the stock market. This research was conducted using empirical data daily closing stock price of each major stock market indices over the period 2011-2016.

Sampling technique used is purposive sampling using a sample closing price of the stock indices Indonesia and Thailand during the period March 18, 2011 until March 16, 2016 and then analyzed using an econometric model GARCH and granger casuality test to determine the relationship volatility spillover happens.

The results of this study indicate that volatility spillover happens on Indonesia and Thailand stock market. Other results conducted by granger casuality test also shows that there is a relationship of two-way volatility spillover (bidirectional volatility spillover). The results of this research may be a consideration for investors who are and will be investing in the stock market of Indonesia and Thailand and other related parties.

Keywords: volatility, volatility spillover, GARCH, stock market of Indonesia, stock market of Thailand