

ABSTRACT

The Covid-19 pandemic has an impact on the investment sector, especially on investor behavior that shows herding and has the potential to cause bubbles. In previous studies, bubbles were confirmed in bitcoin and gold. However, is the Jakarta Islamic Index (JII) which is a sharia instrument also confirmed bubble?

Based on this background, the purpose of this study is to identify bubbles in the Jakarta Islamic Index (JII), bitcoin and gold and identify the relationship between the Jakarta Islamic Index (JII), bitcoin, and gold.

This research uses GSADF and BSADF methods to identify bubbles and bubble periods in the JII stock indeks, gold, and bitcoin. Furthermore, researchers conducted EGARCH and Toda Yamamoto model tests to see the relationship between them. The time period in this study is from January 1, 2020 to December 31, 2021.

The results of this study indicate that bubbles are identified in bitcoin and gold. Bitcoin bubble has a positive and insignificant relationship with JII return, gold bubble has a negative and significant relationship with JII return, bitcoin return and gold return have a negative and insignificant relationship with JII return. The Toda Yamamoto causality test shows that bitcoin return and gold return affect JII return simultaneously, gold return and JII return affect bitcoin return simultaneously, and JII return and bitcoin return do not affect gold return simultaneously.

This research states that JII investors are consistent in implementing sharia principles. In addition, JII investors seem to have a different profile than gold and bitcoin investors, so that investment decisions on the JII are not influenced by gold and bitcoin. Therefore, the JII stock index can be the right choice for sharia investors. However, this research can be developed by changing or adding different time periods, methods, and variables.

Keywords: JII, Gold, Bitcoin, Bubble, Return