

ABSTRACT

Since 2007, ASEAN has launched the program of AEC (ASEAN Economic Community) with the main goal of improving the economy of ASEAN countries. AEC program causes the ASEAN countries fully integrated into the global economy. In 2013 the Bank of America the Fed reducing the amount of asset purchases in this case is a bond called QE (Quantitative Easing) which causes the developing countries experienced a decline in the stock return by the end of 2013. When there is a withdrawal of US QE by some ASEAN countries were also affected, but not the case with Malaysia that is not affected and the fact that Singapore is a developed country affected by the withdrawal of QE. Differences in these conditions raises a question whether or not there will be a co integration among ASEAN countries.

Based on the above reasons, the research keen to test cointegration at the 5th ASEAN countries, China, Japan and India. This research will be cointegration groups and pairs. Pairwise cointegration test itself will be used to determine the most dominant capital market among ASEAN-5 capital market, China, Japan and India.

Test to be used in this research is the Johansen cointegration test to see whether there is cointegration of ASEAN-5 countries, China, Japan and India also Unit Root Test to see stationary data.

Test stationary stock price index data will indicate that the data has been stationary at first difference. While cointegration test groups generate data where critical value < Trace Statistics value. Not unlike the cointegration test groups, paired cointegration test also shows the critical value < value Trace Statistics.

From the results of the study concluded that there are co integration in ASEAN-5 group and also a cointegration among ASEAN-5 countries, China, Japan and India. When done in pairs cointegration tests also showed the results of their co integration in pairs at the 5th ASEAN countries, China, Japan and

India, but there are no dominant country. The next researchers will examine the cointegration can use different methods or different objects as well as a longer period.

Keywords: cointegration, stock price index, capital market, Johansen cointegration test.