ABSTRACT

World crude oil has a major role in economic development and has a considerable impact on the world.Based on historical data of world crude oil in 2012 - 2017 oil prices fluctuate and also a fairly apprehensive decline .. It caused by the occurrence of excessive oil stocks cause oil prices are unstable, it also affects one of the drivers of the world economy namely the stock market. This research using E GARCH to explore the average spillover effect and volatility between world crude oil and the stock market especially the stock market of 4 countries in Asia Pacific namely China, Japan, India, and Indonesia. By using the secondary time series data for crude oil (WTI) and Stock Price Index (IHSG), Japan (TKSE), India (NSE) and Indonesia (IHSG) period 2012 - 2017.

The result of data processing shows crude oil price and market price of China, India, Japan and Indonesia by changing daily price data to return data to station at first difference. Both data have heteroscedceditis so that when tested using EGARCH shows the volatility spillover of crude oil prices with the stock market. When the Granger Causality test shows a one-way volatility spillover from crude oil to stock markets price. So it is only a change of the world's crude oil prices that cause changes in the stock market. The results of this study can be used as an investor reference where the movement of oil prices can be used to predict the movement of stock market prices of China, India, Japan and Indonesia.

Keywords*: E GARCH; Volatility; Spillover; Shares;Time series; Return;crude oil*