

ABSTRACT

The Indonesian capital market recorded a market capitalization of Rp. 7.052 trillion in 2017. This development does not only occur in conventional stocks, but also in Islamic stocks. After 2008, the capitalization of one of the Indonesian Islamic stock indices, namely JII (Jakarta Islamic Index) showed a positive movement. The trend of JII market capitalization from 2000 to 2018 tends to increase. This shows the increasing interest of investors to invest in Islamic stocks on the Indonesia Stock Exchange. Classical theory states that investors always act rationally in making investment decisions. But previous researchers found that sometimes investors act irrationally, one of which is herding behavior. Some researchers found that herding behavior was more likely to occur in emerging markets.

This study aims to analyze the indications of the behavior of investors in Islamic stocks on the Indonesian Stock Exchange. As well as the herding asymmetry that will analyze herding during the rising market and falling market conditions.

The data used are secondary data in the form of JII daily index prices and daily JCI prices. The data will be processed into return and dispersion return (Cross-Sectional Absolute Deviation), which is then analyzed using the GARCH method.

This study finds that herding behavior of investors exists in Islamic stocks on the Indonesia Stock Exchange generally. Herding behavior also occur in Islamic stocks on the Indonesian Stock Exchange during rising maket and falling market period.

Keywords: *herding behavior, Cross-Sectional Absolute Deviation (CSAD), GARCH.*