ABSTRACT

The growth of the global economy leads to a dependency between one country and the other in which each country competes to advance and provide profit to their respective countries and minimize or even strive to Avoid negative impacts on the country. When the trade war between the U. S and China occurred an increase in the trade balance defisit was very significant and there were fluctuations in the movement of the share price of both countries.

The purpose of this research aims to determine whether there is a volatility spillover in the U. S and China stock markets in the period 2016-2018 and vice versa. Research using quantitative methods. Samples in this study used the U. S (NASDAQ COMPOSITE) and China (SSE Composite) daily stock return data. Data collection In this research is done by looking at daily stock price data through Yahoo Finance website and then processed using GARCH Methodology.

Based on research conducted by the authors can be said that the absence of spillover the stock market volatility of the U. S and China in the period 2016-2018 based on the EGARCH test and Granger Causality test. In other words, fluctuations in the U. S stock market do not cause any volatility effect on the Chinese stock market. Likewise, the shock of the Chinese stock market does not cause a volatility effect on the U. S stock market in the period 2016-2018.

Keywords: NASDAQ COMPOSITE, SSE COMPOSITE, Volatility Spillover, EGARCH, Granger Causality