ABSTRACT

Bitcoin as an investment is fascinating to many people because its price is almost always increasing. Bitcoin has increased many times since it was first introduced in 2009. Over time, investors invest their money into cryptocurrencies as a digital asset class, expanding their traditional investment portfolios such as property, securities, and gold.

The purpose of this paper is to analyze bitcoin's causality relationship with stock market indexes and the connection between these indexes and bitcoin. The data population in this study were BTC, IHSG, KLCI, STI, and SET. The period for data collection was from September 2017 to December 2020. The data used in this study is the return value in the period September 2017 to December 2020 from the BTC, IHSG, KLCI, STI, and SET price indexes.

The test was carried out using Augmented-Dickey Fuller for the unit root test, Johansen Cointegration for the cointegration test, Lagrange Multiplier (Autocorrelation) autocorrelation, and Granger Causality for the causality test.

The results showed that there was a unidirectional causality relationship on BTC to KLCI and BTC to STI, a bidirectional causality relationship on BTC and SET, and no causality was found on BTC and IHSG.

Suggestions for further research to develop the research results done by researchers and to use a stock price index that was not involved in this study. In addition, it is hoped that further research will be carried out if there is a change in regulation on Bitcoin investment given its high cointegration with the stock index listed in this study.

Keywords: bitcoin, granger causality, stock market indices