ABSTRACT

Herding behavior is a phenomena in capital market when a group of investor decides to take same direction in financial decision. Herding behavior is not take place by planning but only same direction of financial decision. This research aimed to analyze and detect the indication of herding behavior in integrated stock markets of the member countries of ASEAN 5 (Indonesia, Malaysia, Filipina, Singapore and Thailand) in crisis period (2008-2010) and after the crisis period (2011-2015).

The population in this research is a active stock that registered on stock markets of member countries of ASEAN-5 with data accessed through Bloomberg Database. The sample is ASEAN 5 stock market that have been integrated each other. The sample in IHSG is 52 sample, KLSE is 50 sample, PCOMP is 45 sample, STI is 49 sample and SET is 53 sample using purposive sampling method. The analytical tool used in this research is the ADF cointegration test and VAR (Vector Autoregression) such as stationerity test, ADF cointegration test, optimum lag test, VAR, f test, R^2*, impulse response analysis, variance decomposition analysis and granger causality test. Variables in this research include closing price of IHSG, KLSE, SET, STI and PCOMP and then Rm and* Rm^2 *as independenvariable and CSAD as dependen variable.*

Based on the ADF cointegration test results statistics show that there were integration in stock market of the member of ASEAN 5 in crisis period and after crisis period. The test result of return dispersion, absolute return market and the square market return using Cross-Sectional Absolute Deviation (CSAD) showed there were no significant evidence of herding behavior in the stock market of Malaysia in crisis period (2008-2010) and the stock market of Malaysia, Philipine in after crisis period (2011-2015). However, significant evidence of herding behavior found in the stock market of Indonesia, Singapore, Philipine, Thailand in crisis period (2008-2010) and the stock market of Indonesia, Singapore, and Thailand in after crisis period (2011-2015).

Keywords: Market integration, herding behavior, market return, Cross Sectional Absolute Deviation (CSAD), ASEAN 5, Vector Autoregression (VAR).