



UNIVERSITI TEKNOLOGI MARA

**THE INDONESIAN STOCK MARKET
PERFORMANCE DURING COVID-19 PANDEMIC**

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Final Year Project Paper submitted in fulfillment
of the requirements for the degree of
**Bachelor of Business Administration
(Investment Management)**

Faculty of Business and Management

July 2021

ABSTRACT

The pandemic of COVID-19 has spread worldwide with the first case was identified in Wuhan, China at the end of year 2019 and resulting around 185 million of confirmed cases in the world in the middle of the year 2021. This pandemic has affected the economic and financial not only in Indonesia but also others country. This research conducted to analyse the impact of COVID-19 pandemic towards stock market performance in Indonesia. As for further research, the dependent variable used in this research is Indonesia stock market performance and there were two independent variables which are Exchange Rate and COVID-19. The indicators that used for pandemic was measured by daily cases while exchange rate was measured by price index. This study used the sample period from 2nd March 2020 until 2nd March 2021. By using the method of secondary data, the result shows that Exchange Rate has a negative significant relationship with stock market performance in Indonesia meanwhile COVID-19 has a positive significant relationship with Indonesia stock market performance. Therefore, this research can help investors to make a good choice in order to invest in Indonesian stock market during this pandemic.

Keywords: COVID-19, Exchange Rate, stock market, pandemic

ACKNOWLEDGEMENT

I have devoted all my efforts to finish this final year project however it quite though without the support from my advisor, friends and family especially. Thus, I'm so grateful that I have an incredible advisor and friends that always encourage me to finish this task.

First of all, Alhamdulillah praised to Allah S.W.T for giving me His blessing to finish this final year project. I am so thankful that Allah S.W.T has given me patience as well as mental and physical strength in order to complete this task.

After that, I would like to apologize for my mistakes and shortcomings throughout the preparation of this study especially to my advisor Madam Aidarohani Bt Samsudin and I would like to thank you for your willingness to provide guidance and always be patience in correcting my mistakes throughout this study.

Last but not least, I want to thank all my buddies who encouraged me to accomplish this research and to be my reference when I did not understand how to do a particular part of the research. Thank you for giving some really valuable information for this research. Finally, thanks to the members of my family who constantly support and assist me during finishing this research.

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CHAPTER ONE

INTRODUCTION

1.1 Introduction

The Coronavirus COVID-19 outbreak has begun in Wuhan, China's Hubei province where the first cases were identified in late December 2019. Corona virus infection is a disease caused by a virus that is spread from person to person. As soon as the first case was identified, inquiries were under taken to track down the virus's roots and learn more about it. The World Health Organization (WHO) published the first corona virus surveillance study on January 21st ,2020, after the virus spread to other cities in Hubei in less than a month. China placed a lockdown in Wuhan city two days after the WHO issued the cases as the first step in stemming the spread of Corona virus.

The first case of Covid-19 in Indonesia, on the other hand, were recorded when two Indonesia citizens tested positive COVID-19 that were infected from a Japanese citizen on 2nd March 2020 (Bangkok Post, 2020). By 9th April 2020, the virus had spread to 34 provinces in Indonesia where the worst-hit provinces were Jakarta, West Java and Central Java. The largest increase of the new cases was recorded on 30th January 2021 when 14,518 were announced in a single day. Meanwhile, for the numbers of discharged patients of COVID-19 that beat actives cases for the first time were recorded on 13th July 2020 (Andriyanto, 2020). The pandemic of COVID-19 has triggered a major decline in economic development around the world including the financial market with certain companies' stock values plunging.

Prior to the pandemic COVID-19, research has shown that asset prices have a favourable effect on consumer spending and economic activity. However, for the changeable of exchange rate, it could give a negative effect on economy when many significant uncertainties on upcoming expenditure (Devereux, 2004) the rising of changes in the profitability of business (Aghion, 2006) and a high up