

ABSTRACT

This study aims to analyze the impact of the crisis in Greece against the Islamic movement of stock prices in Indonesia, Malaysia, America, and Europe. In addition, this study also analyzed the long-term relationship (co-integration) and the effects of transmission (contagion effect) which occurs during this period. This study was made because there are differences between the results of research on U.S. Subprime Mortgage crisis period about the impact of Islamic stock markets.

This study uses VAR (Vector Auto Regressive) and VECM (Vector Error Correction Model) to test the hypothesis with views 6 used as statistical analysis tools. The data used in this study is the weekly closing stock price index taken from representatives of Islamic stock market of each country, JII for Indonesia, DJIMY for Malaysia, DJIM for America, and MSCI for Europe.

The results showed that there was no significant effect on the influence arising from the crisis. However, long-term relationship between the four countries is quite good but it seems that contagion effect exist on the movement of stock prices in the fourth Islamic countries.

Keywords: co-integration, long-term relationship, contagion effect, the Greek crisis, VAR, VECM, Islamic stocks, Jakarta Islamic Index (JII), Dow Jones Islamic Market (DJIM), MSCI Europe index, Dow Jones Islamic Market Malaysia (DJIMY)