

ABSTRACT

This research aims to determine simultaneous relationship between daily stock return, stock trading volume, and stock risk that consider effect of shock from social media trend variable. Social media trend represented by daily Twitter Hashtag. Besides, daily stock return, stock trading volume, and stock risk are taken from Bloomberg database.

Populations of this research are taken from all company listed in Indonesia Stock Exchange that categorized as blue chip stock that providing data about stock constantly. According to structural Vector Autoregression model with exogenous variable, there are 20 company that fit with all criterias. This research use daily secondary data from January 2015 until January 2020.

The result of this research shows that there are significant causality relationship between social media trend to daily stock return and trading volume. However, there are no significant causality relationship between social media trend and stock risk. There are significant relationship between trading volume to stock risk, stock return to stock risk, stock return to trading volume, stock risk to trading volume, stock risk to stock return, and trading volume to stock return.

Social media trend impulse that cause response from trading volume to stock risk needs five weeks to stabilized itself to equilibrium. Social media trend impulse that cause response from trading volume to stock return needs seven weeks to stabilized itself to equilibrium. Social media trend impulse that cause response from stock risk to trading volume cause variables that constantly away from

equilibrium. Impulse and response from stock risk to stock return do not influence significantly. Social media trend impulse that cause response from stock return to trading volume needs three weeks to stabilized itself to equilibrium. Social media trend impulse that cause response from stock return to stock risk needs five weeks to stabilized itself to equilibrium.

Contribution of trading volume, stock risk, and stock return have biggest percentage in influencing change in each variables compared to other variables. This research can help investor and trader when choosing the right company to invest and trade that minimize risk of capital loss.

Keywords : Social media trend, trading volume, stock risk, stock return, VAR-X.