

ABSTRACT

The purpose of this research is examining the correlation of world crude oil prices and composite stock price index in the stock exchanges of Southeast Asian Countries in 2010-2019. The composite stock price index in this research is indicated by the average return value of the weekly closing of the composite stock price index contained in each of the Southeast Asian countries' stock exchanges. In addition, this study also examines whether changes in the value of world oil prices can affect the value of the composite stock price index and vice versa in each stock exchange in Southeast Asian countries so that investors can make decisions to invest. On the based of portfolio theory, then investors should be able to estimate the investment risk that will occur due to changes in the value of world oil prices so that investors can determine the optimal portfolio in investing.

The population in this research are the composite stock price index on the stock exchanges of Southeast Asian Countries in 2010-2019 . This research is using sampling method (saturated sampling) for getting 6 composite stock price indexes listed on each of the Southeast Asian countries' stock exchanges with the number of samples is the same as the population. This research using Vector Autoregressive (VAR) analysis which consists of Impulse Response analysis and Variance Decomposition analysis.

The test results show that the world crude oil price correlates with the stock price index on the stock exchange of Southeast Asian countries. The correlation that occurs is positive and negative between each variable. Based on the test results, it can be said that the respective stock price indexes in Southeast Asian countries have different correlations to world crude oil prices.

Keywords: World Crude Oil Prices, the Composite Stock Price Index, Portfolio, Investment, Stock Exchange and Brent Oil.