THE INTENSITY DIFFERENCES OF EMERGING CAPITAL MARKET INDEX AND DEVELOPED CAPITAL MARKET INDEX BEFORE AND AFTER US SUB-PRIME CRISIS

A THESIS

Presented as Partial Fulfillment of the Requirements To

Obtain the *Sarjana Ekonomi* (S1) Degree in Management Program

Faculty of Economics, Universitas Atma Jaya Yogyakarta

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Prof. Dr. J. Sukmawati S., MM.   **Dated December 12th, 2012**

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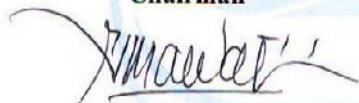
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AUTHENTICITY ACKNOWLEGEMENT

I, the writer of this thesis, entitled

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Hereby declare that I fully knowledge that my writings does not contain others' or part(s) of others' writing, except for those that have been cited and mentioned in the references.

Yogyakarta, December 2012

Ivone Merzellia

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Ivone Merzellia

MOTTO AND DEDICATION

For me, the highest policy is

Do not worry about tomorrow.

I presented this paper for:

My father, mother & brother,

My father, mother & brother in law,

My fiancée,

Best friends.

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THE INTENSITY DIFFERENCES OF EMERGING CAPITAL MARKET INDEX AND DEVELOPED CAPITAL MARKET INDEX BEFORE AND AFTER US SUB-PRIME CRISIS

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Stock price volatility is not only determined by the company's internal factors, but also by its external factors. The company's external and internal factors are the fundamentals, which is often used as a basis by market participants to take their investment decisions. So that the fundamental factors include macro fundamental factors (external) and micro fundamental factors (internal). Macro fundamental factors in terms of capital market analysis referred to the country fundamental factors, these factors are uncontrollable, so the company cannot control them. Macro fundamental factors include factors: (1) economic, (2) social, cultural, demographic and environment, (3) political power, government, and law, (4) technology, and (5) competition (David, 2003 in Sudiyatno and Nuswandhari, 2009).

The purpose of this study was to examine the intensity differences that happen before and after U.S. sub-prime crisis in emerging capital market index, to examine the intensity differences that happen before and after U.S. sub-prime crisis in developed capital market index and to examine the intensity differences that happen before and after U.S. sub-prime crisis in emerging capital market index and developed capital market index. This research use LQ 45, Bombay Stock Exchange SENSEX, and SET50 index as sample in emerging capital market. Developed capital market represent by DJIA, FTSE 100 and Nikkei 225.

The analysis shows that there is no difference intensity of emerging capital market index before and after the U.S. sub-prime crisis, there is no difference in intensity differences of developed capital market index before and after the U.S. sub-prime crisis and there is no difference intensity of emerging capital markets index and developed capital market index before and after the U.S. sub-prime crisis.

Keyword: intensity, U.S. sub-prime crisis, emerging capital market index, developed capital market index