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2014 IDX VOLATILITY: AN ANALYSIS OF THE COMPOSITE AND INDUSTRIES' CHARACTERISTICS

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ABSTRACT

This paper analyse the volatility characteristics of 2014 IDX composite and industries indexes using the Realized Volatility model called VolX by investigating and calculating 1300 closing price indexes for the IDX in 2014. Descriptive statistics were used to analyse the volatility characteristics which are classified in autocorrelation, mean reversion, shock and relief characteristics. ANOVA single factor tested the volatility significant differences between industries, and multiple regressions were conducted to find out which industry volatility significantly affect the composite volatility. The results show composite volatility has mean reversion and shocks characteristics, while the industries have combined autocorrelation/mean reversion and relief characteristics. The industries volatilities are significantly different except for Mining and Finance. Only Finance industry volatility has significantly affecting the composite volatility. Trade industry was the least volatile followed by Manufacture, while Finance and Mining were both considered as the most volatile.

Keywords: Volatility, Realized Volatility, VOIX

