

**THE ANALYSIS OF DISPOSITION EFFECT ON BLUE-CHIP STOCKS
THAT LISTED IN INDONESIA STOCK EXCHANGE (2013-2017)**

THESIS

**Presented as Partial Fulfillment of the Requirements for the Degree of
Sarjana Ekonomi (S1) in International Business Management Program
Faculty of Economics Universitas Atma Jaya Yogyakarta**



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APPROVAL

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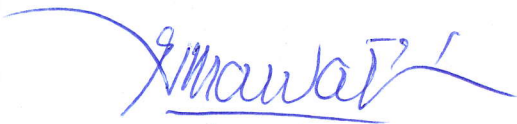
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COMMITTEES' APPROVAL

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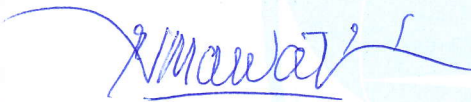
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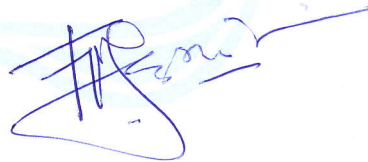
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STATEMENT OF THESIS AUTHENTICITY

I, the author of this research, hereby declare that I compiled this research by myself I fully consent that the part of my writing does consists others writing that I have cited and mentioned in references. I would like to take full responsibility of losing my degree that has ben given by Universitas Atma Jaya Yogyakarta, if I have done plagiarism on this research.

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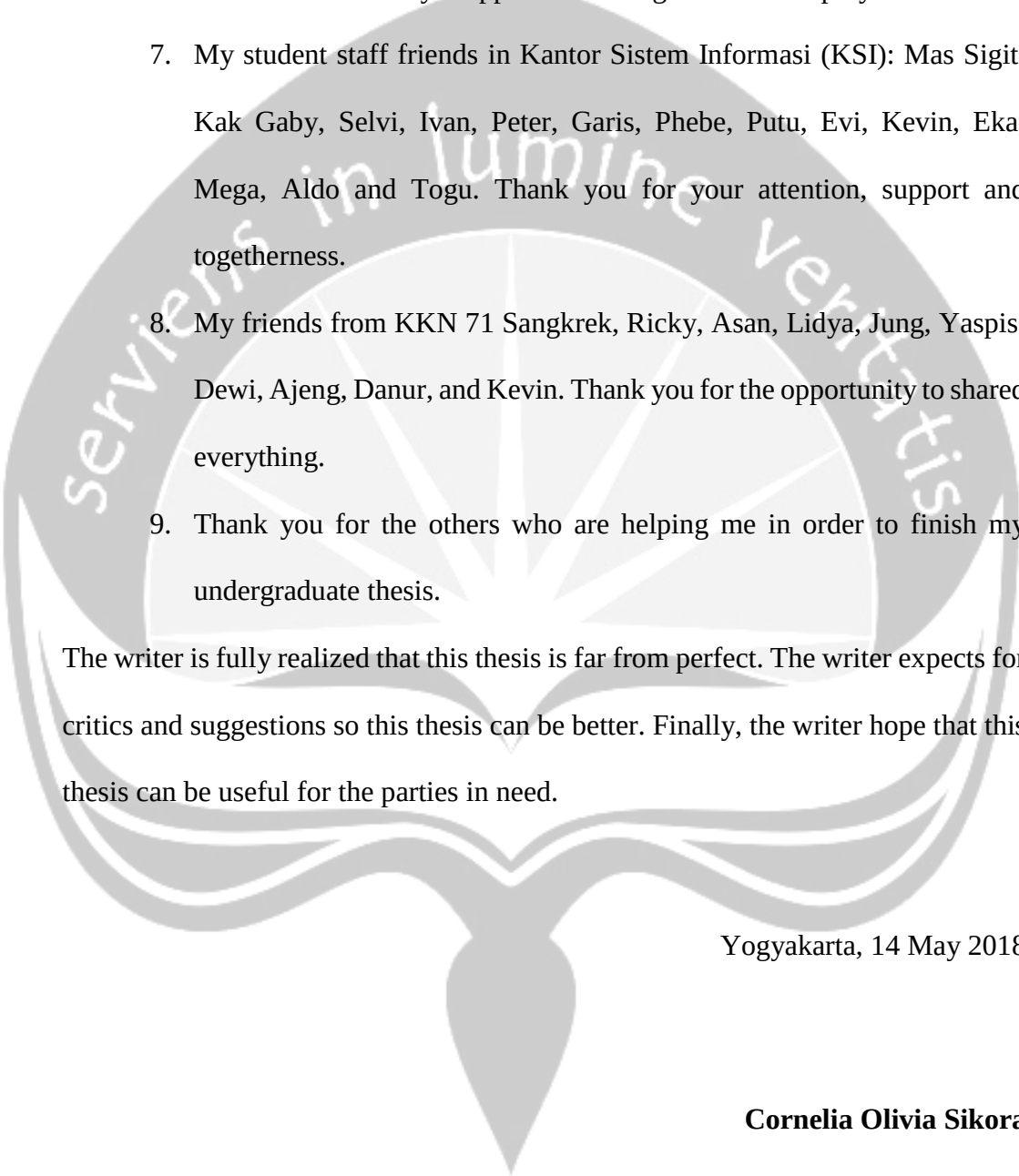
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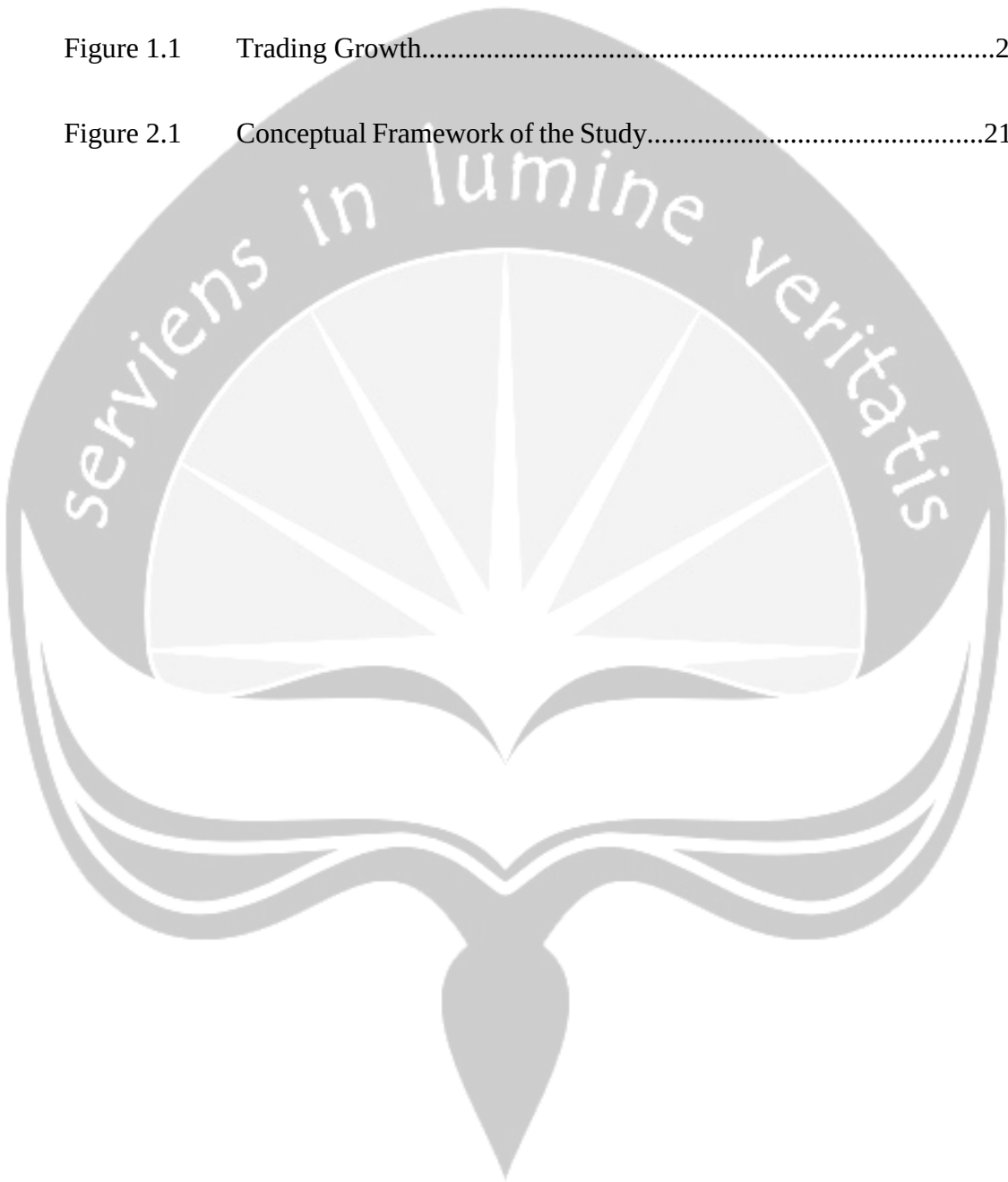
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Abstract

One phenomenon that occurs in Indonesia Stock Exchange is the stock price does not reflect its fundamental value. One factor that is affecting the stock price is the demand or investor expectation against the stock. If investors have high expectation against the stock, the demand will increase and the stock price also increases. In addition, investors also tend to be rushed in selling the winner stock and hold the loser stock too long. The purpose of this research is know the existence of disposition effect on blue-chip stocks in Indonesia Stock Exchange. In this research, blue-chip stocks are some stocks that always listed in Indonesia Stock Exchange from period 2013-2017. This research use secondary data that retrieved from Indonesia Stock Exchange (www.idx.co.id) and Yahoo Finance (finance.yahoo.com). The data that used in this research is daily data from 2013 – 2017. Then from the daily stock price and stock volume, the stocks return and trading volume activity are calculated. A 5-day period of daily stock return is used to calculate the volatility. VAR analysis is used in this research. Since VAR is difficult to interpret, the researcher also use Impulse Response Function (IRF) to shows the response of a variable to another variable shock. Variance Decomposition shows how big the variable response to the movement of past variables.

The result showing that disposition effect only exist in eight stocks from twenty-four stocks taken as sample. So can be conclude that disposition effect does not exist in blue-chip stocks in Indonesia Stock Exchange and investor behave rationally. Furthermore, this research find that disposition effect weaken the positive relationship between return, volatility and trading volume activity.

Keywords: Disposition Effect, Blue-chip stocks, VAR, return, volatility, trading volume activity