

## **ABSTRACT**

### ***USAGE OF GARCH (Generalized Autoregressive Conditional Heteroskedasticity) MODELS TO TEST THE EFFICIENCY OF ISLAMIC CAPITAL MARKET IN INDONESIA***

**By:**

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*This study aims to know about the effect from price stock of previous period, lag of previous period, residual value of the previous period to the current period of stock price on JII Stock Index period 2011-2013 and to know efficiency shape of Islamic Capital Market in Indonesia. The sample in this study are eighteen company which operate during 2011 until 2013 period, as well as recorded in Jakarta Islamic Index (JII) which is decided by purposive sampling. Analysis technique in this research is using stationarity data test, identification of model, estimation of model, diagnosis model, Identification of ARCH-GARCH effects (Heteroskedasticity), estimation of GARCH model, and evaluation model.*

*The result of this research show that price stock of previous period on JII Stock Index period 2011-2013 doesn't have effect to the current period of stock price, residual value and lag of previous period have effect to the current period of stock price, residual value one week before which have proper effect. Closing price weekly of JII Stock Index (Jakarta Islamic Index) period 2011-2013 have heteroskedasticity element wich mean that residual variance of data have character that not constant. Efficiency shape for Islamic Capital Market in Indonesia, isn't included in the classification of weak form efficiency.*

***Keywords : stock, efficiency of capital market, heteroscedasticity, autoregressiv, GARCH (Generalized Autoregressive Conditional Heteroskedasticity)***