

CHAPTER V

CONCLUSION, IMPLICATIONS AND SUGGESTION

5.1 Conclusion

This study aims to analyze and explain how the relationship and the impact of the Covid-19 Pandemic to the Indonesian Financial Stock Index. This research resulted in the spread of the Covid-19 pandemic in the United States turned out to be of positive value to the Indonesia Financial Stock Index. Although the U.S. economy in the third quarter of 2020 again accelerated during the Covid-19 pandemic, on the other hand, the Central Statistics Agency of Indonesia (BPS) noted, as of - August 2020, Indonesia has a surplus in the trade balance with the United States. This research also proves that the United States Stock Index (DJIA) has a positive impact on each other with the Indonesia Financial Stock Index (JKFINA). This is because Indonesia and the United States are the two countries that have close diplomatic relations. There is a link between the spread of Covid-19 in the United States and the United States Stock Index (DJIA). When the companies incorporated in the Dow Jones Industrial Average index are unable to meet the supply needs of products to the United States, it will cause the companies in Indonesia to get the opportunity to make high exports to the United States. This will have a good impact on the Financial Sector Index in Indonesia because the capital turnover to financial services will be better. VAR estimation analysis data resulting from both variables are positive value to the financial markets in Indonesia (JKFINA). This is due to the increase in exports from Indonesia to the United States. Increased exports from Indonesia to the United States mean that the people, business players, and companies have been producing local products to meet the demands of the United States. This certainly causes capital turnover in and out of Indonesia's financial sector to be better.

The spread of Covid-19 in China has an impact compared to the spread of Covid-19 in the United States to the Indonesia Financial Stock Index. The spread of Covid-19 in China provides a negative value to the Indonesian Financial Stock Index. The outbreak of the Covid-19 pandemic in China has an impact on the cessation of the production activities of raw materials needed by the Indonesian companies. All of the company's production activities were halted due to the obstruction of material goods coming in from China. From this condition, many companies in Indonesia fired their employees to survive this pandemic.

5.2 Implications

The increase in Indonesia's export activities to the United States during the Covid-19 pandemic has caused the export value Indonesia surplus reached US\$ 1.6 billion, the safe value of US\$ 578.8 million so that the surplus amounted to US\$ 1 billion¹. This increase in the export's surplus is the highest since 9 years ago². As a result, Indonesia's economy increased to 5.05%³. Although the Covid-19 pandemic has hit many sectors of human life, it still gives positive things and blessings to the country of Indonesia. With the increasing export activities of Indonesia, even surplus to the United States, this will increase the passion of

¹ <https://databoks.katadata.co.id/datapublish/2020/09/17/neraca-perdagangan-indonesia-as-di-agustus-2020-surplus-us-1-miliar>

² <https://www.suara.com/bisnis/2020/08/19/210642/indonesia-surplus-perdagangan-di-juli-2020-tertinggi-sejak-9-tahun-lalu?page=all>

³ <https://www.bps.go.id/pressrelease/2020/11/05/1738/ekonomi-indonesia-triwulan-iii-2020-tumbuh-5-05-persen--q-to-q-.html>

the Indonesian's people, The Indonesian companies to produce more local products to be shipped to the United States. Not only that, the funding in and out activities in Indonesia's financial sector will be more productive and give a good impact on the Indonesia Financial Stock Index.

5.3 Suggestion

With the momentum of export performance surplus in 2020, it is expected that it can be a motivation and spirit for the business players to suppress and increase the productivity of local products to meet the export targets to the outside, especially to the United States. This is something positive amid a pandemic situation. The government must fully support the activities of the small, medium, or large businesses to maintain and boost Indonesia's export activities, provides convenience in the export permits, speed up the export licensing process, and pay more attention to the standards of procedures set by the United States. Then related to the barriers of materials originating from China, Indonesia through the government, must utilize the existing resources in Indonesia itself to meet the material needed for the domestic production purposes. The government should look for the substitution of importers from the other countries if it is requiring the materials from abroad, but it is must be tried to continue using the materials originating from within the country, with the international standards process, it is better.