

---

## The Impact of the Covid-19 Pandemic on Stock Performance: Evidence from Indonesia

Maulana Majied Sumatrani Saragih<sup>1</sup>, T.Nurhaida<sup>2</sup>, Sarman Sinaga<sup>3</sup>, Rico Nur Ilham<sup>✉4</sup>, Faisal<sup>5</sup>

<sup>1</sup>Sekolah Tinggi Ilmu Ekonomi Bina Karya Tebing Tinggi, Sumatera Utara, Indonesia,

[mangasisinurat621@gmail.com](mailto:mangasisinurat621@gmail.com)

<sup>2</sup>Politeknik Mandiri Bina Prestasi, Medan, Sumatera Utara, [t.nurhaida@gmail.com](mailto:t.nurhaida@gmail.com)

<sup>3</sup>Universitas Darma Agung, Pascasarjana Universitas Darma Agung, Jalan DR. TD Pardede No 21, Medan, 20153, Sumatera Utara, [maulanamajied494@gmail.com](mailto:maulanamajied494@gmail.com), [sarmansinaga17@mail.com](mailto:sarmansinaga17@mail.com)

<sup>4</sup>Faculty of Economic and Business Universitas Malikussaleh, Lhokseumawe, Aceh, Indonesia,

[riconurilham@unimal.ac.id](mailto:riconurilham@unimal.ac.id)

<sup>5</sup> CV.Express Consulting And Go.riset.id (Profesional Research Planner Academy) Tebing Tinggi Sumatera Utara, [ff952388@gmail.com](mailto:ff952388@gmail.com)

✉Corresponding Author: [riconurilham@unimal.ac.id](mailto:riconurilham@unimal.ac.id) | Phone: +6281263081010

---

### Abstract

The COVID-19 pandemic has hit various sectors, including the stock market where many people are hesitant to invest in stocks. Many industries have been affected by Covid-19, where since March 2020 the Indonesia Stock Exchange Composite Stock Price Index (IHSG) has decreased because many investors sold their shares, but since the third week of May 2020 to early June 2020 has shown an increase indicating stock trading has begun to show improvement. This study aims to analyze which sector stocks are still able to survive during the COVID-19 pandemic, by using stock trading volume data, Composite Stock Price Index (IHSG), weekly and monthly market capitalization values with a sample of 20 stocks - the highest stocks. based on sales volume and transaction value on the Indonesian stock exchange for the period March 2020 to June 2020 obtained from the Financial Services Authority (OJK) weekly report and the Indonesia Stock Exchange (IDX) Monthly Report. The results show that during the COVID-19 pandemic, investors can still get benefits in investing in stocks if every decision made by these investors is supported by careful calculations. Based on the results of the study, recommendations were obtained for government to accelerate the stability of the stock market by increasing the number of recipients in the UMKM sector, carried out more intensive socialization the dangers and prevention of Covid-19, as well as providing relief to issuers who have a loan; recommendations for issuers in order to maintain company performance by how to keep all employees from being infected with Covid-19, maintaining employee performance from upstream to downstream, improving technology and its use (online) in all areas; and recommendations for investors to implement the best strategy in investing in pandemic conditions by doing fundamental analysis and technical, doing stock portfolios, choosing business sectors that are still needed in pandemic conditions, as well as looking for the issuer's latest information

**Keywords:** *Stock Investment, Jakarta Composite Index, Covid-19.*

---

### Intruduction

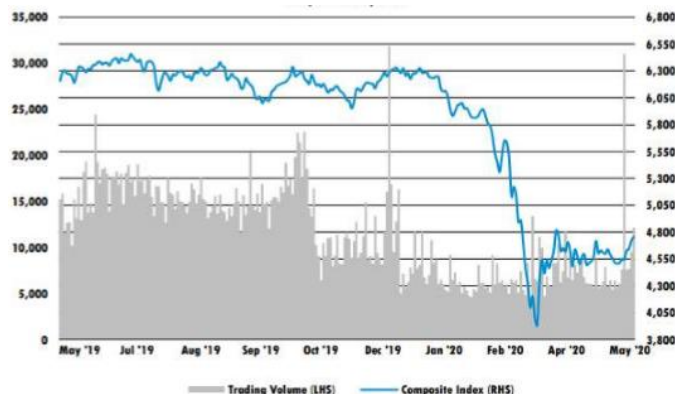
The corona virus pandemic (COVID-19) has been officially declared a pandemic by the World Health Organization (WHO) to hit more than 150 countries in the world. The number of people worldwide infected is still aggressively increasing. COVID-19 has changed the world in many ways, such as changing the way we work, study, worship, socialize, exercise, eat, sleep and so on. To slow the spread of COVID-19, everyone is strongly encouraged to maintain physical distancing, maintain cleanliness and wear masks. How long the pandemic will last and its economic impact is difficult to predict. The COVID-19 pandemic forces us to survive amidst uncertainties. However, recently the government has begun to plan a transition discourse towards the new normal.

Currently, the Covid-19 pandemic has spread throughout the world. Initially this did not affect the stock market, but as more victims were confirmed, the stock market reacted negatively (Khan et al., 2020). This also causes prices on the stock market to decline, especially after WHO stated that Covid-19 was a pandemic (Alali, 2020) and caused a negative abnormal return (Liu et al., 2020). The Covid-19 pandemic in Indonesia affected the capital market and caused a change in trading time on the Indonesia Stock Exchange and this was a negative signal (bad news) which caused investors to be more interested in selling their shareholdings (Kusnandar and Bintari, 2020). The conditions of the Covid-19 pandemic have also affected stock market dynamics (He et al., 2020; Junaedi and Salistia, 2020; Liu et al., 2020), causing stock exchanges around the world to experience a decline (Collins, 2020), and increasing inefficiencies in stock market (Lalwani and Meshram, 2020). In Indonesia, this also has a negative impact on the capital market and influences investors in making investment decisions (Pitaloka et al., 2020).

At this time investors tend to choose to invest in countries that have low unemployment rates, relatively low social inequality and income disparities, low crime rates, and relatively stable political and security conditions (Samsul, 2018). Thus, the more stable the economic and political conditions of a country, the better and more stable the stock market will be.

Several studies have been conducted regarding the influence of Covid-19 on the stock market, but there are no recommendations that must be made by parties involved in the stock market, so the author will describe how the impact of Covid-19 on the performance of the stock market in Indonesia, what are the recommendations for the government, and what solutions are offered for companies (issuers) and investors. Below is a chart showing the JCI regarding the Covid-19 pandemic.

Based on Graph 1, the JCI experienced correction in January 2020 and its peak in 2020. Economic growth is also in line with the JCI, which decreased in the first quarter of 2020.



Graph 1. Composite Stock Price Index (IHSX/RHS) for the period 2019-2020  
Source: (IDX, 2020)

Table 1 shows that Indonesia's economic growth before Covid-19 in 2014-2019 tended to be stable at 4.97% -5.20%. Then in the first quarter of 2020 there was a significant decline in economic growth to 2.97%. This decline can be caused by many factors, one of which is due to the Covid-19 pandemic which has greatly affected national economic activity. Of course, the decline in economic growth has also had an impact on the development of the stock market in Indonesia. In the end, the decline in the stock market will also have a negative effect on economic growth. This can provide a quite large domino effect as previously discussed that the stock market contributes to the economic growth of a country.

**Table 1. Economic Growth in 2017-2020**

	2017	2018	2019	2020
Produk Domestik Bruto (PDB)	5,00	4,97	5,20	2,97

Source: (Bappenas RI, 2020)

The stock market in Indonesia before Covid-19 was quite stable. The JCI tends to be stable before 2020 (May 2019-December 2019). In January 2020 there was a decline in the JCI value. At that time the Covid-19 outbreak began to emerge in Wuhan, China. Then it spread to other countries including Indonesia and had a negative impact. The biggest decline in the JCI value occurred in February and March 2020 where Covid-19 began to take positive victims in Indonesia and the number increased from time to time. At the end of March 2020 the Indonesian government began to implement a policy of work and activities from home (work from home) to its citizens.

**Literatur Review**

Shares are a sign of participation or ownership of individual investors or institutional investors or traders on investment or an amount of funds invested in a company (Aziz, Mintarti and Nadir, 2015). The stock market is a place where government and industry can raise long-term capital and investors can buy and sell securities (Arnold, 2004). In addition, there is also a positive relationship between an efficient stock market and economic growth both in the short and long term (Petros, 2007). This is in line with the statement that the stock market will not be able to run away from the economic conditions of a country (Filbert, 2017).

Information about the stock market performance is summarized in an index called the stock market index, which reflects the performance of stocks in the market. This index describes the movement of stock prices so it is also called the stock price index (Tandelilin, 2017). If all listed shares are used as a component of the index calculation, it is called the Composite Stock Price Index (IHSX). The JCI was first introduced on April 1, 1983 as an indicator of the price movements of listed shares (Indonesia Stock Exchange, 2010). As for the need to know the stock index, namely as an investment reference for investors; help investors determine whether they will sell, hold, or buy one or more shares; and to avoid bias due to corporate action (Samsul, 2018).

Investors can invest funds by first doing analysis, namely fundamental analysis and technical analysis. Fundamental analysis can be done by doing top down analysis, namely analyzing starting from macroeconomic factors, then industrial analysis, to finally analyzing individual companies. While technical analysis can be done by predicting future stock prices by paying attention to stock price movements and then drawing conclusions on the tendency of price movements to go up or down in the future to determine the time to buy or sell (Samsul, 2018). In the conditions of the COVID-19 pandemic, investors must be careful in investing because in general, stock exchanges around the world have experienced a decline (Collins, 2020).

The stock market crash is inevitable due to COVID-19. Many businesses have closed / gone bankrupt, unemployment has increased, poverty has increased, and fear has swept many investors so that many investors sold their shares so that stock prices plummeted all over the world stock exchanges:

**Table 2. Shares Trading on the Indonesia Stock Exchange February 2021**

	IHSG	Transaction Volume (in billiar)	Value of the market (Rp.Triliun)
February week-1	5,498.54	316.16	306.47
February Week-2	6,107.57	347.81	345.58
February Week-3	6,194.94	384.32	385.51
February Week-4	5,945.57	418.38	423.99
February Week-5	6,123.43	449.91	457.97

Since the first Covid-19 patient in Indonesia was confirmed in early March 2020 until now February 2021, trading transactions on the stock market have fluctuated. The Composite Stock Price Index (IHSG) continues to vacillate during the COVID-19 pandemic. The ups and downs of the stock market do not only occur in Indonesia but also in any part of the world.

The government believes this condition is only temporary and will recover if the Covid-19 pandemic passes. However, until now there is no sign that the pandemic will end. The condition that occurs is that Indonesia is considered to have not succeeded in overcoming the pandemic. This can be seen from the increasing number of victims of Covid-19 (Covid-19, 2021). Based on these conditions, it is likely that the recovery of the Indonesian economy will take a long time. This is also supported by the absence of a mass-produced Covid-19 vaccine to treat and prevent its spread in the community. As long as Indonesia's economic conditions have not yet recovered, it will be difficult to achieve a stable trend of transaction on the stock market. The longer the government resolves domestic problems, the longer the stability of the stock market and the increase in the JCI value will be achieved.

The government must also aggressively disseminate information regarding the dangers and prevention of Covid-19 to the public, both through print and electronic media. Of course, by providing supporting facilities (hand sanitizer, soap, hand washing place) in public places. The government can also ease the burden on issuers, among others, by lowering interest rates and providing credit restructuring policies for companies affected by Covid19 while still paying attention to risk factors accepted by banks.

## Materials & Methods

The study used a descriptive exploratory method. Observations were made on the Composite Stock Price Index (IHSG) and economic growth in Indonesia before the Covid-19 pandemic and during the Covid-19 pandemic then linked to conditions that occurred in Indonesia. Descriptive analysis was carried out based on secondary data obtained from the Indonesia Stock Exchange (BEI) and Bappenas RI. Secondary data from the Indonesia Stock Exchange (IDX) is in the form of Composite Stock Price Index (IHSG) for the period May 2019-May 2020 and data on the decrease in the Composite Stock Price Index (IHSG) per industrial sector for the period December 2019-May 2020. Secondary data from Bappenas RI is in the form of economic growth data for 2014-first quarter of 2020.

This study takes a sample, namely the index of 20 BUMN companies which have a large enough market capitalization value and are considered to represent the condition of the Indonesian stock market during the Covid-19 pandemic. Literature studies are carried out by analyzing journals that are inline and relevant to the research topic. This research is limited only to find out what stocks have survived during the COVID-19 pandemic. Observations were made on the share transaction report on the Indonesia Stock Exchange starting from early March 2020 to early June 2020. The selection of this period was based on the consideration that the COVID19 pandemic was first discovered in Indonesia in early March 2020. The study used secondary data from the Financial Services Authority. (OJK), Indonesia Stock Exchange (IDX) and Issuer Financial Statements obtained from the respective issuer's websites.

## Results and Discussion

At a time when the pandemic was being discussed in Indonesia, share prices in general were experiencing a decline. Some shareholders sell their shares because they are worried that the share price will decrease even further. There is even a possibility of buy back of shares by the issuer which could harm shareholders. Some investors actually increased the number of shares because they assumed that stock prices would increase after the pandemic ended. Investors who are risk takers (dare to take risks) will take advantage of this condition to buy lots of shares when the price drops. They think that this condition is only temporary and if the condition returns to normal, the stock price will increase and bring a lot of profit. Investors who are risk averters (fear of taking risks) will be afraid, some of these investors will sell shares because they are worried that the stock's value will decrease and cause losses. Some others do not sell but also do not buy shares, they maintain the number of shares they own in the hope that conditions will be normal and the stock price will increase again, but they also do not dare to buy or increase the number of shares because they are worried that their

value will decrease. For moderate investors, they generally increase the number of shares but they are full of consideration, they will buy a certain amount (not much), so if the stock price falls, the loss is not too big and if the stock price rises, it will get a profit.

Investors carry out fundamental analysis, investors must also perform technical analysis, which is to pay attention to the ups and downs of certain share prices. Thus investors can determine when to buy or sell shares. Investors can buy stocks that perform well when prices are down or sell when prices are rising. The basic difference between an investor and a trader is in these two analyzes. In general, an investor will perform fundamental analysis to ensure that the shares purchased have good prospects, then perform technical analysis to determine when to buy these shares. An investor will keep the shares purchased for a relatively long period of time (more than 1 year). Whereas a trader generally performs a lot of technical analysis, they will monitor the movement of the stock price to make purchases when the price goes down and sell when the price goes up, the gain comes from the difference in price changes. Traders generally keep stocks for a relatively short period of time.

In the period of the Covid-19 pandemic, it is very necessary to conduct an in-depth study of how the solution is to bring Indonesia's economic situation back to normal in various ways and strategies so that later the stock market, which had sluggish movements and transactions, will increase again.

Ang (1997) states that the Market Value or Price is the price of a share in the ongoing market. This market price states the rise and fall of a stock. If the stock exchange is closed, the market price is the closing price. If the market price is multiplied by the number of outstanding shares, the market value is obtained. Market Value is commonly known as market capitalization.

**Table 3. Development of Stock Trading by Sectoral June 2nd week of 2021**

Sectoral	Market Capitalization Amount (Rp)	(%)
Finance	1,548,499,125,421,240	44.54
Consumer Goods Insuustry	1,345,764,232,543,112	28.36
Infrastructur	708,932,934,874,765	20.79
Basic industries	676,821,177,863,924	20.22
Trades	643,364,568,407,854	10.63
Property & Real Estate	404,962,495,575,218	6.40
Mining	396,056,138,934,952	6.25
Various industries	312,343,453,343,564	5.67
Agryculture	74,222,211,053,508	2.14

Source: OJK, Juni 2020

From table 2 it can be seen that the stocks that have the highest market capitalization value are stocks in the financial sector with a market capitalization of Rp.44.54%, followed by the consumption industry sector at 28.36%, the infrastructure sector at 20.79%. , Basic Industry sector by 20.22%, Trade by 10.63%, Property & Real Estate at 6.40%, Mining by 6.25%, Miscellaneous Industry by 5.67%, and Agriculture by 2.14%.

**Table 4. Trading Data of Top 20 Indonesia Stock Exchange Stocks for 2020-2021**

No.	Active Stocks by Total Trading Volume	Active Stocks by Total Trading Value
1	BNLI (18,29%)	BNLI (21,48%)
2	BBRI (4,91%)	BBRI (10,43%)
3	BHAT (2,58%)	BBCA (10,26%)
4	CARE (2,49%)	TLKM (4,94%)
5	PWON (2,42%)	BMRI (4,16%)
6	PGAS (2,09%)	ASII (3,46%)
7	ZINC (2,01%)	BBNI 2,48%
8	TLKM (1,78%)	ICBP (2,06%)
9	MDLN (1,76%)	UNVR (1,75%)
10	BRIS (1,46%)	PGAS (1,56%)
11	TBIG (1,36%)	TBIG (1,54%)
12	REAL (1,33%)	JSMR (1,32%)
13	MNCN (1,29%)	PTBA (1,27%)
14	BULL (1,21%)	BOGA (1,24%)
15	BMRI (1,16%)	INDF (1,06%)
16	FILM (1,15%)	HMSP (1,01%)
17	GIAA (1,04%)	MNCN (0,99%)
18	TOWR (1,03%)	INTP (0,95%)
19	PURA (1,00%)	BTPS (0,93%)
20	BOGA (0,99%)	BRPT (0,92%)

Source: BEI, Juni 2020



Table 4 shows that in 2020-2021 the most desirable stocks both based on trade volume and trade value are financial sector stocks, namely BNLI, BBRI, BHAT, BBKA, BRIS, BMRI, BBNI and BTPS. The health sector stock is CARE. The telecommunications sector is the shares of TLKM, TOWR, and TBIG. The construction sector is PWON and MDLN. The infrastructure sector is PGAS, BULL, GIAA, PURA, and JSMR. The trade sector is MNCN, FILM, and BOGA. The miscellaneous industry sector is ASII. The consumer goods industry sectors are ICBP, UNVR, INDF, HMSP, and INTP.

Phil (2020) a world stock market expert conducted research on how COVID-19 affects the stock market. The results of his research say that during the COVID-19 pandemic is the best time to invest / buy stocks where many people sell shares so the stock price is very cheap. Phil provides indicators that can be used by investors in order not to make the wrong choice of stock products by answering the following questions, namely: (1) whether the demand for stock products is high; (2) whether the company that produces the product acts as a price controller; (3) whether the products produced by the company are always needed by humans and are there if needed; or (4) the product produced is a valuable / high value product such as energy, solar power, food and others, or (5) the product is a luxury product required by a certain group. In addition, Phil believes that the companies that have benefited greatly from the COVID-19 pandemic are the food, medical equipment and cleaning equipment industries, while other companies have suffered very severe losses.

Looking at stock trading on the Indonesia stock exchange with reference to research Rizvi et al. (2020) and Phil's research (2020), recommended stocks to invest during the COVID-19 pandemic on the Indonesia stock exchange are as follows: (1) investors should buy shares in the consumer goods industry sector because consumer goods have been able to record positive performance since the announcement of the first COVID-19 case in Indonesia. The consumer goods industry is increasing because people definitely need a supply of food and beverages in any condition. The consumer industry will certainly always be sought after by consumers because it is closely related to fulfilling the needs of life because even though people's activities are limited, consumption is of course still running; (2) telecommunication sector stocks can also be an option because all activities at home related to the COVID-19 pandemic make telecommunication function very important. Many companies implement work from home (WFH) policies and students / students implementing distance learning (eLearning) programs result in a surge (in internet data traffic) for online learning, use of YouTube, Google, WhatsApp increases so that data quota usage increases.

## Conclusion

We currently live in an unprecedented and uncertain time, therefore if investors are interested and interested in investing in stocks during the COVID-19 pandemic, investors should do 2 things, namely: (1) fundamental analysis of the stocks to be purchased where fundamental analysis allows investors to know the prospects of the company and predict future stock returns; (2) stock diversification where stock diversification will minimize the risk that will occur to investors because Buffett and Cunningham (2019) said Don't put your eggs in one basket, namely in investing, it is necessary to diversify stocks.

The stock market is one of the long-term funding tools that can be used optimally by issuers, a means of investing for investors, and also helps the government in developing the real sector. The COVID-19 pandemic is affecting Indonesia's economy and stock market. The overall JCI value declined (all industrial sectors) and the stock market conditions became unstable. There needs to be a good synergy between the government, issuers and investors to deal with and break the COVID-19 chain so that Indonesia's economic and stock market conditions return to normal.

The government needs to make policies to accelerate market stability shares in Indonesia, among others; increase the number of aid recipients in SMEs, conduct more intensive socialization related to hazards and prevention COVID-19, as well as providing relief to issuers who have loans so that industry performance can increase through lowering interest rates or credit restructuring. Actions that the issuer needs to take to maintain performance companies, among others; keep all employees from being infected with COVID-19 by implementing health protocols, maintaining employee performance in the future pandemic from upstream to downstream, improving technology and its use (online) in all fields so that employee activities can run more effectively. Actions that investors need to take to reduce investment losses among others; do fundamental and technical analysis, do portfolios stocks, choosing business sectors that are still needed in pandemic conditions, as well looking for the issuer's latest information to find out the condition of the company.

## Acknowledgments

Thank's a lot to CV.Express Consulting who has facilitated the process of publishing this scientific article and also especially to Dr. Rico Nur Ilham, SE., MM.RSA as corresponding author. And especially the journal management at Malikussaleh University who is willing to cooperate in the process of publishing articles about The Impact of the COVID-19 Pandemic on Stock Performance: Evidence from Indonesia.

## References

- Alali, M. S. (2020) 'Risk Velocity and Financial Markets Performance: Measuring the Early Effect of COVID-19 Pandemic on Major Stock Markets Performance', *International Journal of Economics and Financial Research*, 6(4), pp. 76-81.
- Ang, R. (1997). *Buku Pintar Pasar Modal Indonesia*. Mediasoft Indonesia.
- Arnold, H. (2004) 'Schumpeter and Methodological Individualism', *Journal of Evolutionary Economics*, 14(2), pp. 153-156.
- Aziz, M., Mintarti, S. and Nadir, M. (2015) *Manajemen Investasi: Fundamental, Teknikal, Perilaku Investor dan Return Saham*. 1st edn. Yogyakarta: Deepublish.
- Buffett, W., & Cunningham, L. A. (2019). *The essays of Warren Buffett : lessons for corporate America*.

- Collins, C. N. (2020) 'Effect of COVID-19 Pandemic on Global Stock Market Values: A Differential Analysis', *Acta Universitatis Danubius (Economica)*, 16(255-269).
- Filbert, R. (2017) *The Secret of Stock Market In A Century*. Jakarta: PT Elex Media Komputindo.
- Khan, K. et al. (2020) 'The Impact of COVID-19 Pandemic on Stock Markets : An Empirical Analysis of World Major Stock Indices', *Journal of Asian Finance, Economics and Business*, 7(7), pp. 463-474. doi: 10.13106/jafeb.2020.vol7.no7.463.
- Kusnandar, D. L. and Bintari, V. I. (2020) 'Perbandingan Abnormal Return Saham Sebelum dan Sesudah Perubahan Waktu Perdagangan Selama Pandemi Covid-19', *Jurnal Pasar Modal dan Bisnis*, 2(2), pp. 195-202.
- Lalwani, V. and Meshram, V. V. (2020) 'Stock Market Efficiency in the Time of COVID-19: Evidence from Industry Stock Returns', *International Journal of Accounting & Finance Review*, 5(2), pp. 40-44. doi: 10.46281/ijafr.v5i2.744.
- Liu, H. et al. (2020) 'The COVID-19 Outbreak and Affected Countries Stock Markets Response', *International Journal of Environmental Research and Public Health*, 17, pp. 1-19.
- Ilham, Rico.N *et all* (2019). Investigation of the Bitcoin Effects on the Country Revenues via Virtual Tax Transactions for Purchasing Management. *International Journal of Suplly Chain Management*. Volume 8 No.6 December 2019.
- Ilham, Rico.N *et al.* (2019). Comparative of the Supply Chain and Block Chains to Increase the Country Revenues via Virtual Tax Transactions and Replacing Future of Money. *International Journal of Suplly Chain Management*. Volume 8 No.5 August 2019.
- Petros, J. (2007) 'The Effect of The Stock Exchange on Economic Growth : A Case of The Zimbabwe Stock Exchange', *Research in Business and Economics Journal*, pp. 1-17.
- Phil, T. (2020). How To Invest During A Pandemic : Covid-19 And The Stock Market. from <https://www.ruleoneinvesting.com/blog/How-To-Invest/How-To-Invest-During-Pandemic/>
- Pitaloka, H. et al. (2020) 'The Economic Impact of the Covid-19 Outbreak : Evidence from Indonesia Research Method', *Jurnal Inovasi Ekonomi*, 05(02), pp. 71-76.
- Rizvi, S. K. A., Mirza, N., Naqvi, B., & Rahat, B. (2020). Covid-19 and asset management in EU: a preliminary assessment of performance and investment styles. *Journal of Asset Management*. doi: 10.1057/s41260-020-001723.
- Samsul, M. (2018) *Pasar Modal dan Manajemen Portofolio*. 2nd edn. Edited by Adi Mulana. Jakarta: PT Gelora Aksara Pratama.
- Sadalia, I, Syahyunan dan Butar-Butar, N A. 2017. "Financial Behavior and Performance on Small and Medium Enterprises in Coastal Area of Medan City", *IOP Conf. Series Materials Science and Engineering* 180 (2017) 012257. Medan.
- Tandelilin, E. (2017) *Pasar Modal: Manajemen Portofolio dan Investasi*. Yogyakarta: PT Kanisius.