

Stock Investment During The COVID-19 Pandemic in Indonesia

^{1*)}Desi Astuti

¹⁾Faculty of Social Science, Universitas Pembangunan Panca Budi, Indonesia

Abstract: The COVID-19 pandemic has hit various sectors, including the stock market where many people hesitate to invest in stocks. Many industries were affected by Covid-19 where since March 2020 Jakarta Composite Index has decreased because many investors have sold their stocks, but since the third week of May 2020 until early June 2020 has shown an increase indicating stocks trading is starting to show improvement. This study aims to analyze which sector stocks are still able to survive in the COVID-19 pandemic, using Active Stocks by Total Trading Volume, Active Stocks by Total Trading Value on Indonesia Stock Exchange, weekly and monthly market capitalization values with a sample of Top twenty stocks based on Total Trading Volume and Total Trading Value, on the Indonesian Stock Exchange (IDX) from March 2020 to June 2020, The Financial Services Authority weekly Statistics and the Indonesia Stock Exchange Monthly Statistics. The results showed that during the COVID-19 pandemic, investors could still benefit from investing in stocks if every decision made by the investor was supported by careful calculations. Investors must be careful in choosing which sectors to go. Investors need to do a fundamental analysis so that they are not mistaken in placing funds, and diversification stocks to reduce the risk of loss which is too big to invest. If the situation returns to normal, all sectors will rise again with adjustments following the new normal protocol. Stocks of the consumer industry sector, the telecommunications sector such as data, towers and the health sector such as pharmaceuticals and hospitals are stocks that can be chosen by investors during the COVID-19 pandemic.

Keywords: Stock portfolio, risk, return, investment.

I. Introduction

Corona virus (COVID-19) pandemic officially designated as a pandemic by the Organization World Health (WHO) hit more than 150 countries in the world. The number of people around the world who infected is still increasing aggressively. COVID-19 has changed the world in many ways, such as changing the way we work, study, worship, socialize, exercise, eat, sleep, etc. To slow down the spread COVID-19, everyone is strongly encouraged to keep your distance (physical distancing) hygiene and wearing masks. How long The pandemic will last and its economic impact hard to predict. The COVID-19 pandemic is forcing us to survive in the midst of uncertainty. However, recently the government has begun to launch a discourse on the transition to a new one normal. Where do you have to face the new normal? there will be some policies changed and loosened, including the matter of investing, it is necessary adaptation is carried out in which investors must prepare reset the portfolio. In the environment finance in the midst of the COVID-19 pandemic, investors must be careful with the investment portfolio holistic and diverse, because stock exchanges around the world the world's average has decreased (Collins, 2020) as well as the Composite Stock Price Index Indonesia Stock Exchange.

Investment is a commitment to invest funds in a certain period to get future payments as compensation for investors for (1) Time during invested funds; (2) The inflation rate that expected; and (3) Uncertainty of payment in future (Reilly & Norton, 2007). Investment consists of from investment in real assets such as gold and other valuables, land, art or real estate, and investments in form of securities or securities (marketable securities or financial assets) that where is the purpose of investing to improve wealth, both now and in the future. Investment decisions are an important factor in corporate finance function. Fama (1974) states that the value of the company is solely determined by investment decisions. Decision investment is very important because to achieve The company's goal is to maximize prosperity.

Investors in investing their funds hoping to get a return. Return is the only way that goes the most makes sense for investors to compare different alternative investment with a variety of results from alternative investment (Jensen & Jones, 2020). Jones (2006) says return is a ratio gain or loss from an investment or amount of money invested. Return goal returns to meet investor prosperity. The return of an investment is measured by the return received over a specified period, usually one year. Investors invest some of their funds for the future and when that time comes, investors can get appropriate returns strategies that they do so that the results can be according to what they expected, well it's more lower or higher. Reilly and Norton (2007) said that the benefits derived from capital market in the form of dividends and capital gains is the result obtained from the difference between selling value and buying value of shares when investors sell the shares.

The existence of the capital market has a role increase in national economic activity due to With the capital market, companies will be more easy to obtain funds so as to encourage the national economy to be more advanced. Market Capital serves as a forum for allocating funds efficiently between investors and companies by trading financial instruments. For investors themselves, the capital market serves as a alternative investment is to provide profit with a certain amount of risk. Reilly and Norton (2007) define risk as uncertainty of the results obtained in the future or the probability of a loss on future income. There are two types risks in investment are: (1) Non-systematic risk i.e. risks that can be eliminated by diversify or invest in different types stocks from various sectors because they come from internal conditions of the company. This risk is only impact on a particular stock or sector; (2) Systematic risk is a risk that cannot be eliminated because this risk stems from conditions macroeconomics or markets. When this risk arises and it happens then all types of shares will be affected its impact. An example of systematic risk is risk inflation, interest rate risk, and market risk. Tandelilin (2010) said that some sources of risk that affect the magnitude of risk an investment: (1). Interest rate risk. Change interest rates can affect return variability an investment. When interest rates rise, returns interest-related investments will also increase. As a result, investor interest will move from shares to deposits. Then if interest rates increase, the stock price will down, and vice versa; (2) Market risk. Fluctuation the market as a whole can influence the variability of the return of an investment. Market fluctuation usually indicated by changes in the market index stock as a whole. Market changes influenced by factors such as economic recession, riots, or political changes; (3) Inflation risk. Rising inflation will reduce purchasing power rupiah invested. If inflation increases, investors usually demand additional premium inflation to compensate for reduced power buy what he experienced; (4) Business risk is risk in running a business of an industrial type.

Market conditions are unpredictable and new known after the incident occurred. Therefore, investors who will invest in the stock exchange must constantly monitor the condition of the securities market. Ang (1997) said that the condition of the Stock Exchange in can basically be distinguished on the basis of price levels general increase (bull market) and the price level generally declining (bear market). bull market are favorable market conditions. Price developments on the stock exchange, in line large can be monitored through average performance and market index. Average performance reflects price behavior of a representative group of stocks at a certain time. Market index measures behavior the current price of a representative stock group relative to the base period price. Investors compare the average price of various times to assess the relative strengths and weaknesses of the market. If the average or index price shows trend of rising prices, bull market occurs, otherwise a bear market occurs.

Investors need to do analysis fundamental to making decisions in choose which shares to buy for the long term long (Bodie, Kane, & Marcus, 2009). Analysis Fundamental is an analytical method based on The economic fundamentals of a company are: calculate intrinsic value with financial data company. That's why this technique focuses on on the company's financial ratios. Ross, Westerfield, and Jordan (2016) say that Fundamental analysis has the basic concept that the value of a company's shares is reflected in the company's performance.

II. Methodology

Literature study was carried out by analyzing journals that are inline and relevant to the topic study. This research is limited only to find out which stocks last during the COVID-19 pandemic. Observations made to reports on transactions of shares on the Exchange The Indonesian Securities start from the beginning of March 2020 until early June 2020. Selection of the period based on the consideration that the COVID19 pandemic was first discovered in Indonesia at the beginning March 2020. The study uses secondary data from the Financial Services Authority (OJK), Indonesia Stock Exchange (IDX) and Financial Statements Issuers obtained from each site issuer.

III. Results

COVID-19 has wreaked havoc on the world since it was discovered in Wuhan China at the end of 2019. Not only affects human health and way of life but also economy and stock market. Market crash stocks are unavoidable due to COVID-19. Many businesses closed/bankrupt, unemployment soars, poverty rises, and fear strikes many investors so that many investors sell their shares owned so that the stock price plummeted throughout world stock exchanges.

Table 1. Stock Trading on the Indonesia Stock Exchange (IDX) March - May 2020

Periods	IDX	Volume Transaction (Billions share)	Value Trading (Rp. Trillion)
March, Week-1	5,498.54	316.16	306.47
March, Week-2	4,907.57	347.81	345.58
March, Week-3	4,194.94	384.32	385.51
March, Week-4	4,545.57	418.38	423.99
March, Week-5	4,623.43	449.91	457.97
April, Week-1	4,649.08	482.30	487.93
April, Week-2	4,634.82	524.89	520.35
April, Week-3	4,496.06	561.99	553.00
April, Week-4	4,716.40	588.45	580.95
May, Week-1	4,597.43	614.17	604.15
May, Week-2	4,507.61	643.93	636.16
May, Week-3	4,545.95	688.67	691.70
May, Week-4	4,753.61	725.64	738.12
June, Week-1	4,947.78	770.08	785.04

Source: OJK (June, 2020)

Table 1 shows that the Price Index Joint Stock (JCI) Indonesia Stock Exchange (IDX) in the second week of March 2020 experienced decline. JCI is at the level of 4,907.57 down where in the first week of March 2020 at the position of 5,498.54 since the President of the Republic of Indonesia Jokowi Widodo on March 15, 2020 press conference at the Bogor Palace called on all the people Indonesia to work, study and worship at home so that the spread of Covid-19 can be stopped immediately, The index is fluctuating due to the COVID19 pandemic hitting Indonesia. In the third week of May 2020 until early June 2020 showed an upward trend, JCI is at 4,545.95 and continues to climb to the position of 4,947.78 in the first week of June 2020 due to easing of Social Restrictions Large-Scale impact of the COVID-19 pandemic with the opening of a number of economic activities and businesses such as malls and shops. Volume stock trading slowly continues to increase. On first week of June 2020 trading volume recorded as many as 770.08 billion shares, with a transaction value of IDR 785.04 trillion.

Since the first Covid-19 patient in Indonesia confirmed early March 2020, trading transactions the stock market fluctuates. Price index The Jakarta Composite Index (JCI) continues to oscillate during the COVID-19 pandemic. Stock market ups and downs This is not only happening in Indonesia, but also anywhere in the world.

Ang (1997) said that the value or Market price is the price of a stock on the current market. Market price This is what states the ups and downs of a stock. If the stock market is closed, then the market price is the closing price. If the market price multiplied by the number of shares issued then obtained market value. Market Value commonly known as market capitalization.

Table 2. Stock Trading Development by Sectoral June week 2-2020

Sectoral	Market Capitalization	
	Value (Rp)	(%)
Finance	1,948,999,285,421,240	34.54
Consumption Industry	1,036,321,430,916,490	18.36
Infrastructure	608,932,934,874,765	10.79
Basic Industry	576,821,177,863,924	10.22
Commerce	543,364,568,407,854	9.63
Property & Real Estate	304,962,495,575,218	5.40
Mining	296,056,138,934,952	5.25
Various Industries	263,673,423,140,037	4.67
Agriculture	64,222,211,053,508	1.14

Source: OJK (June, 2020)

From table 2 it appears that the stock has the highest market capitalization value is stocks in the financial sector with a market capitalization of Rp 34.54%, followed by the consumption industry sector by 18.36%, infrastructure sector by 10.79 %, Basic Industry sector of 10.22%, commerce by 9.63%, Property & Real Estate by 5.40%, Mining by 5.25%, Various Industries by 4.67%, and Agriculture by 1.14%.

Table 3. Trading Data of Top 20 Stocks Indonesia Stock Exchange March-2020

Active Stocks by Total Trading Volume	Active Stocks by Total Trading Value
BBRI (4,21%)	BBCA (14,21%)
TLKM (2,58%)	BBRI (12,00%)
IPTV (2,49%)	TLKM (6,98%)
CARE (2,35%)	BMRI (6,54%)
MDKA (2,33%)	ASII (4,64%)
LPKR (1,77%)	BBNI (4,54%)
ANTM (1,76%)	UNVR (2,43%)
TOWR (1,71%)	MDKA (2,18%)
PGAS (1,66%)	INTP (1,58%)
REAL (1,66%)	NATO (1,42%)
ZINC (1,54%)	PGAS (1,31%)
NATO (1,52%)	UNTR (1,15%)
BMRI (1,41%)	INDF (1,13%)
BRPT (1,34 %)	TOWR (1,08%)
TELE (1,33%)	ICBP (1,06%)
ASII (1,21%)	HMSP (1,05%)
VIVA (1,20%)	TKIM (0,98%)
FREN(1,18%)	PTBA (0,97%)
BBNI(1,15%)	KLBF (0,91%)
CTRA (1,15%)	SMGR (0,91%)
% of Total Trading 35.5%	% of Total Trading 67,1%

Source: IDX (June, 2020)

Table 3 shows in March 2020 the most popular stocks are good based on trading volume and value trading is financial sector stocks such as BBRI, BMRI, BBNI and BBCA, Sector telecommunications are the shares of TLKM, , FREN, and TOWR. The media sector is IPTV stocks and VIVA, The health sector is like stocks CARE and KLBF. The mining sector is the shares of MDKA, ANTM, and PTBA, the construction sector are LPKR, REAL, and CTRA.

Table 4. Trading Data for Top 20 Stocks Indonesia Stock Exchange April-2020

Active Stocks by Total Trading Volume	Active Stocks by Total Trading Value
REAL (5,34%)	BBRI (13,47%)
BBRI (4,35%)	BBCA (11,89%)
INPP (3,02%)	BMRI (6,11%)
TRIO (2,97%)	TLKM (5,50%)
FREN (2,70%)	ASII (4,42%)
PGAS (2,06%)	BBNI (3,06%)
CARS (1,94%)	INPP (3,06%)
ZINC (1,78%)	BTPS (2,33%)
CARE 1,78%)	UNVR (1,90%)
TLKM (1,56%)	PGAS (1,90%)
BRPT (1,53%)	BRPT (1,90%)
ANTM (1,46%)	MDKA (1,78%)
TOWR (1,42%)	KLBF (1,55%)
PPRO (1,41%)	TOWR (1,25%)
BRMS (1,40%)	UNTR (1,15%)
DMAS (1,28%)	SMGR (1,09%)
BULL (1,25%)	TBIG (1,07%)
BMRI (1,23%)	INDF (1,06%)
MDKA (1,15%)	NATO (1,04%)
ELSA (1,15%)	CPIN (0,93%)
% of Total Trading 40.8%	% of Total Trading 64,7%

Source: IDX (June, 2020)

Table 4 shows in April 2020 the most popular stocks are good based on trading volume and value trading is sector stocks construction is REAL, PPRO and DMAS. The financial sector is BBRI, BMRI, BBCA, BBNI, and BTPS. The trading sector is INPP, TRIO, CARS and NATO. Sector telecommunications are FREN stocks, TLKM, TOWR, and TBIG. Health sector such as CARE and KLBF shares. Sector mines are shares of ZINC, ANTM, BRMS, MDKA and ELSA. Basic industrial sector are BRPT, SMGR and CPIN. The consumer goods industry sector is UNVR and INDF.

Table 5. Trading Data of Top 20 Stocks Indonesia Stock Exchange May-2020

Active Stocks by Total Trading Volume	Active Stocks by Total Trading Value
BNLI (18,29%)	BNLI (21,48%)
BBRI (4,91%)	BBRI (10,43%)
BHAT (2,58%)	BBCA (10,26%)
CARE (2,49%)	TLKM (4,94%)
PWON (2,42%)	BMRI (4,16%)
PGAS (2,09%)	ASII (3,46%)
ZINC (2,01%)	BBNI (2,48%)
TLKM (1,78%)	ICBP (2,06%)
MDLN (1,76%)	UNVR (1,75%)
BRIS (1,46%)	PGAS (1,56%)
TBIG (1,36%)	TBIG (1,54%)
REAL (1,33%)	JSMR (1,32%)
MNCN (1,29%)	PTBA (1,27%)
BULL (1,21%)	BOGA (1,24%)
BMRI (1,16%)	INDF (1,06%)
FILM (1,15%)	HMSP (1,01%)
GIAA (1,04%)	MNCN (0,99%)
TOWR (1,03%)	INTP (0,95%)
PURA (1,00%)	BTPS (0,93%)
BOGA (0,99%)	BRPT (0,92%)
% of Total Trading 51,4%	% of Total Trading 74,2%

Source: IDX (June, 2020)

Table 5 shows in May 2020 the shares are most in demand both based on trading volume and trade value are financial sector stocks are BNLI, BBRI, BHAT, BBCA, BRIS, BMRI, BBNI and BTPS. The health sector's stock is CARE. The telecommunications sector is TLKM shares, TOWR, and TBIG. The construction sector is PWON and MDLN. The infrastructure sector is PGAS, BULL, GIAA, PURA, and JSMR. Sector trades are MNCN, FILM, and BOGA. The multi-industrial sector is ASII. Industrial sector consumer goods are ICBP, UNVR, INDF, HMSP, and INTP.

Rizvi, Mirza, Naqvi, and Rahat (2020) conduct research to assess how What is the evolving state of COVID-19? affect performance and investment style across the Uni Europe. Researchers assess the performance of each style investment during the evolution of COVID-19. Research result they show that the transmission of COVID-19 so dynamic across the European Union that COVID19 has had a devastating impact on various categories mutual funds in the European Union, entrepreneurship funds only social media that shows positive returns. Germany and France are the countries that make up the majority affected by the spread of the corona virus very bad impact. Meanwhile, Switzerland, Sweden, Ireland, Austria and Denmark are not so bad that they have increased investment due to fund managers move investments from locations significantly infected such as Germany and France to locations impacted by COVID-19 lower ones such as Switzerland, Sweden, Ireland, Austria and Denmark. Growing investment well in the European Union during the COVID-19 pandemic are companies engaged in utilities, wholesale and retail.

Phil (2020) a world stock market expert do research on how COVID-19 has had an impact on the stock market. Results research says that during a pandemic COVID-19 is the best time for invest/buy stocks where many people sell the stock so the stock price is very inexpensive. Phil provides indicators that can used by investors so as not to be wrong in choosing stock products is to answer the following, namely: (1) what is the demand the product stock is high; (2) whether the company producing the product as price controller; (3) whether the product is produced by the company is always needed people and stay there when needed; or (4) The resulting product is a product valuable / have high value such as energy, solar power, food etc., or (5) the product is a luxury product a particular group is required. Other than that, Phil thinks that a very benefit from the COVID-19 pandemic is the food, medical device and cleaning equipment industry, while other companies are experiencing very serious loss.

View stock trading on the Stock Exchange Indonesia from March 2020 to May 2020 by referring to the research of Rizvi et al. (2020) and research Phil (2020) then the stocks that recommended to be invested during the period COVID-19 pandemic on the Indonesian Stock Exchange are as follows: (1) Investors should buy shares in the industrial goods sector consumer goods (consumer goods) because the goods sector consumers were able to record positive performance since the announcement of the first COVID-19 case in Indonesia. Consumer goods industry on the rise because people definitely need supplies food and drink under any circumstances. The consumer industry will always be sought after consumers because it is closely related to meeting needs live because even though people's activities are limited, but consumption of course still goes on; (2) Telecommunications sector stocks can also be chosen because of all the activities stay at home due to the COVID-19 pandemic make the telecommunications function very important. Many companies implement a work policy of home (work from home / WFH) and students apply distance learning programs (elearning) resulted in a spike (traffic) data internet for online learning, use youtube, google, whatsapp increased so usage data quota increases. Internet Network become the focus to support smooth work and study from home. That's how it happened increased demand for new pairs compared to the period prior to the COVID-19 pandemic; (3) Health sector stocks are also very attractive due to an increase in drug sales and request for medical check up, rapid test, swab test happens in society. Society must spend money to buy medicine and health services amid the threat of the corona virus. There is no vaccine yet and uncertainty about when The pandemic is over making people a priority during a pandemic is how to take care family health so that service products health will be the first choice other consumption.

Bodie et al. (2009) said that portfolio is a collection of assets owned investors. Investors need to build a portfolio some assets that will maximize return for a certain level of risk. Thus also, with the expected rate of return, an investor can build a portfolio with the lowest possible risk. Markowitz (1952) pioneers of modern portfolio theory made assumptions that investors are reluctant to take risks, it means investors prefer less risky portfolios than risky for the rate of return certain. This implies that an investor would take more risks only if he expect more rewards. Diversification is one of the most important principles of theory modern portfolio that is useful in reduce risk or uncertainty by increase the number of shares in the stock portfolio which can generate the maximum return with minimal risk. Diversification is one of the main components of decision making investing under risk or uncertainty (Koumou, 2020). Oyenubi (2019) says that there are no unique numbers in terms of the optimal number of stocks necessary to achieve full diversification. The optimal number of shares required for achieve full diversification different for market different, where in measuring diversification stocks, investors can use Portfolio Diversification Index (PDI).

IV. Conclusion

We are currently living in a time that has not happened before and uncertain, by Therefore, if investors are interested and interested in investing in stocks during the COVID-19 pandemic, investors should do 2 things, namely: (1) analysis fundamental to the stocks to be bought where fundamental analysis allows investors to know the company's prospects and predict future stock returns; (2) diversification stocks where stock diversification will be minimize the risk that will occur to investors because of Buffett and Cunningham (2019) say Don't put your eggs in one basket that is, in investing, it is necessary to stock diversification.

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