ABSTRACT

This research is intended to investigate whether mark to model is more suitable instead of mark to market in Indonesian crisis based on IFRS guideline. The samples are 9 blue chip stocks listed on LQ45 and the period of crisis are crisis 2008.

The author develops two kind models which are model to detect the date of crisis and valuation model and use the model to calculate model return. Then, the author uses statistical analysis to find whether the return difference between the model and the market is significant at the end of the crisis date.

The result indicated that the loss booked by mark to model is significant lower than by mark to market. It is also significant lower compare to daily and monthly return of normal condition. The author also finds that the mark to market daily rate of return in crisis is not significant as in normal condition. The last finding is that the volatility price in crisis 2008 is significant compare to normal condition even though there was a price limit.

Key words: IFRS, fair value, mark to model, mark to market.