ABSTRACT

The objective of this research is to classify 9 (nine) economic sectors in Indonesia based on their covariance of stock return to market return (IHSG). Data comes from stock return of each company in the 9 economic sectors and market Return. The sectors are Agricultures, Basic Industries, Consumptions, Differs Industries, Finances, Infrastructures, Mining, Properties, Trading Services and Manufactures. The result shows Mining, Agricultures is on the high covariance group, while Basic Industries and Consumptions on the low covariance group.

Keywords: Economic Sectors, Covariance, Economic Sector Classification.