ABSTRACT

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In cooperation, Asia-Pacific Economic (APEC) has set a goal of free trade and investment for developed countries by 2010 and developing countries in 2020 as a form of trade and investment liberalization is one of the key pillars in the achievement of its objectives. Nowadays, some emerging capital markets of APEC members showed good growth in the Asia-Pacific region. Therefore, in response to the liberalization of trade and investment to developing countries by 2020 is needed to determine the relationship of the variables market index. The purpose of this study was to determine the presence of capital market integration in the Asia-Pacific region which has implications for portfolio diversification opportunities internationally. Based on this background, the research will be conducted, entitled "Analysis of Capital Market Integration Asia-Pacific Region: Implications Diversified International".

This study uses quantitative methods to the analysis of the model using VECM (Vector Error correction model) with a stationary test level level, different stationary, cointegration and correlation. The population is the entire country in the Asia-Pacific (APEC) which has a capital markets while the sample is 10 APEC countries which include U.S. state (^DJIA), Australia (^AORD), Hong Kong (^HSI), Japan (^N225), Singapore (^STI), Singapore (^KS11), New Zealand (^NZ50), Indonesia (^JKSE), Malaysia (^KLSE), Chinese (^SSEC).

The results of these studies demonstrate that there are capital market integration in the Australian state of capital market (^AORD)-Malaysia (^KLSE) and Hong Kong (^HSI)-South Korea (^KS11) and there are opportunities in the area of portfolio diversification proficiency level shows that there are 20 pairs market index has a negative correlation coefficient.