

## **Assessing the Efficiency of the Indonesian Stock Market Using Sectoral Data: 1996-2013**

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*We use eight major sector indices in the Indonesian stock market and employ parametric and non-parametric techniques to test for weak-form efficiency over an 18-year period and over three mutually exclusive and exhaustive sub-periods. We also calculate returns for a portfolio composed of the indices using a simple trading rule and compare the properties of those returns to a broad stock-market index. The results suggest the Indonesian stock market was not weak-form efficient over some sub-periods. Investors could have achieved superior risk-adjusted returns compared to the market portfolio using publicly available information. However, there is evidence that the level of efficiency improved after the early years of the sample. Concluding remarks discuss the reasons for the changes in efficiency and offer suggestions for improving the efficiency of the Indonesian capital markets.*

**JEL Codes:** E44, G15, N25, G14