ABSTRACT

NETFLIX STOCK FORECASTING USING THE ARCH/GARCH METHOD

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The imposition of Large-Scale Social Restrictions (PSBB) during the Covid-19 pandemic has forced most cinemas throughout Indonesia to close temporarily. This makes movie fans look for alternative entertainment to fill their free time. Netflix is the most popular and most accessed subscription-based streaming platform during the Covid-19 pandemic. Convenience, accessibility, varied content options, lower costs, flexibility, and privacy factors are the reasons why Netflix was chosen as an alternative to watching movies and made Netflix experience a significant increase in the number of subscribers in 2020. However, there was a drastic drop in Netflix's stock price of up to 70% amid a decline in the number of subscribers, which led to layoffs for hundreds of employees in 2022. This research was conducted to forecast the Netflix stock price using a selected model of the ARCH/GARCH forecasting method. This method has the ability to overcome the heteroscedasticity and unstable volatility that often occur in financial data. Based on the research conducted, the best model obtained was ARCH (2) with RMSE evaluation results of 42,192, MAE of 37,287, and MAPE of 8.933%. The forecast results show an increase and decrease in September 2023.

Keywords: Netflix stock, forecasting, ARCH, GARCH