

Indonesian Capital Market Reactions Post Covid 19 Pandemic To National Political Events

(Event Study on LQ45 Shares for the Period Before the 2024 Presidential Election)

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ABSTRACT

The aim of this research is to test and analyze whether there is a difference in the average abnormal return and average trading volume activity before and after the announcement of the determination of the 2024-2029 Indonesian Presidential Candidate pair on the LQ 45 index shares. The research was conducted at the IDX on LQ45 issuer shares, so that The sample is 45 companies. This research is an event study with a quantitative approach. The data used in this research is secondary data, namely in the form of annual reports of companies listed on the Indonesia Stock Exchange (BEI) in the LQ45 Index category in the event period or window event period. The event date is 13 November 2023. And the event window is from 02 November 2023 to 22 November 2023. This research uses Paired Sample t-Test to test whether there is a difference in average abnormal returns and average trading volume activity before and after the Announcement of Determination of Pairs Candidate for President of the Republic of Indonesia 2024-2029, with a level of significance $\alpha = 5\%$. The research results show that there is no difference in the Average Abnormal Return and Average Trading Volume Activity before and after the announcement of the determination of the 2024-2029 Presidential Candidates for the LQ 4 index shares.

ABSTRAK

Tujuan dari penelitian ini adalah untuk menguji dan menganalisis apakah terdapat perbedaan rata-rata abnormal return dan rata-rata aktivitas volume perdagangan sebelum dan sesudah pengumuman penetapan pasangan Calon Presiden Indonesia 2024-2029 pada saham indeks LQ 45. Penelitian dilakukan di BEI terhadap saham emiten LQ45, sehingga sampel yang digunakan sebanyak 45 perusahaan. Penelitian ini merupakan penelitian peristiwa (event study) dengan pendekatan kuantitatif. Data yang digunakan adalah data sekunder yaitu berupa laporan tahunan perusahaan yang terdaftar di Bursa Efek Indonesia (BEI) kategori Indeks LQ45 pada periode event atau window event period. Peristiwa pada 13 November 2023 jendela peristiwa adalah 02 November 2023 - 22 November 2023. Peneliti menggunakan Uji Paired Sample t-Test untuk menguji apakah ada perbedaan rata-rata abnormal return dan rata-rata aktivitas volume perdagangan sebelum dan sesudah peristiwa. Pengumuman Penetapan Pasangan Calon Presiden RI 2024-2029, dengan tingkat signifikansi $\alpha = 5\%$. Hasil penelitian menunjukkan tidak ada perbedaan Rata-rata Abnormal Return dan Rata-rata Volume Perdagangan sebelum dan sesudah pengumuman penetapan Calon Presiden 2024-2029 pada saham indeks LQ 4.



1. INTRODUCTION

Indonesia has just gone through an extraordinary global crisis storm, caused by the Corona Virus Disease 2019 (Covid-19) pandemic. The Covid 19 pandemic has triggered a crisis throughout the world. Not only is it a health crisis, but it also spreads to a social and economic crisis and has a major impact on the financial sector. The performance of the Indonesian Capital Market has fallen sharply. Transaction volume in 2020 decreased by 1.33%. This shows that most investors' behavior is wait and see. Investors are worried about market conditions in the future. Panic was exacerbated by the mutation of the Covid-19 virus which occurred until early 2022. The government took various policy steps to deal with the financial crisis that occurred during the Covid-19 pandemic. Each government policy step will greatly influence the capital market. Phan & Narayan (2021) argue that every time there is unexpected news, the market will react. This is consistent with the government's reaction to COVID-19. Then, research conducted by Haldar & Sethi (2021) suggests that market speculation influences capital market fluctuations.

Research conducted by Rizvi et al. (2021) on market reactions to monetary and fiscal stimulus in 4 ASEAN countries, namely Indonesia, Malaysia, Singapore and Thailand as a result of the COVID-19 pandemic, found that monetary policy takes time to influence conditions. stock returns market. The government's fiscal policy can be used as a cushion to reduce the detrimental effects of the pandemic on capital markets. (Astuti & Mahardhika, 2020; Sumarmi et al., 2021; Zainuri et al., 2021; Sugandi, 2022). The government's fiscal stimulus policy in an effort to save the Indonesian economy, which is outlined in the National Economic Recovery (PEN) program in the form of assistance to the business world and the government's response to efforts to reduce the spread of Corona Virus Disease 2019, has supported the performance of the capital market. Investors can gradually build positive speculation on the Indonesian capital market.

The PEN program is intended to help increase people's purchasing power and restore the Indonesian economy as a whole. Starting from the households of the most vulnerable communities, then to the business sector (MSMEs). Slowly the wheels of the economy began to turn. With the PEN program, it is hoped that there will be economic growth (Hannon et al., 2017). The government has revoked the policy of Implementing Restrictions on Community Activities (PPKM) at the end of December 2022. Along with the end of PPKM, the implementation of various health management, community protection and economic recovery programs in 2023 will be returned to the duties of each Ministry/Institution. The challenges facing Indonesia currently have changed from the Covid-19 pandemic to the threat of a global stagflation crisis. This is characterized by uncertainty that is still high, difficult to predict and difficult to calculate the impact. (Nugroho & Syarief, 2022)

The capital market will react to every fiscal policy taken by the government. With the end of the National Economic Recovery (PEN) program at the end of December 2022 and the threat of a global stagflation crisis in 2023, this will raise concerns for investors. Because Indonesia will enter the political years leading up to the Indonesian Presidential Election (Pilpres) on February 14 2024. The political dynamics leading up to the 2024 presidential election will greatly influence national economic stability. Various events that occurred in the 2020-2022 period have provided very meaningful lessons for investors. The comfort of investing has not yet fully recovered. However, currently, the capital market is faced with global economic conditions which are experiencing stagflation and domestic political events, namely the 2024 presidential election. The capital market can react to these events if these events contain information that will provide signals for investors when considering investment decisions.

The decisions taken by investors will result in ups and downs in activity in the capital market, thus affecting the stability of the capital market. The stock performance of liquid stocks on the LQ45 list was severely depressed during the corona pandemic outbreak which became the main sentiment on world financial markets. Based on IDX data at the start of the Covid 19 Pandemic, almost all LQ45 index shares were corrected year to date (YTD). And there are 10 LQ45 shares with the deepest correction in that period of more than 45% (year to date/YTF), namely:

- 1) PT Matahari Department Store Tbk (LPPF) (-72.21%) at IDR 1,170/share, with a market capitalization of IDR 3.28 trillion.
- 2) PT Perusahaan Gas Negara Tbk (PGAS) (-62.21%) at IDR 820/share, with a market capitalization of IDR 19.88 trillion.
- 3) PT Waskita Karya Tbk (WSKT) (-60.61%) at IDR 585/share, with a market capitalization of IDR 7.94 trillion.
- 4) PT PP Tbk (PTPP) (-59.62%) at IDR 640/share, with a market capitalization of IDR 3.97 trillion.
- 5) PT Bank Tabungan Negara Tbk (BBTN) (-59.43%) at IDR 860/share, with a market capitalization of IDR 9.11 trillion.
- 6) PT Wijaya Karya Tbk (WIKA) (-55.03%) at IDR 895/share, with a market capitalization of IDR 8.03 trillion.
- 7) PT Perusahaan Kerta Tjiwi Kimia Tbk (TKIM) (-52.6%) at IDR 4,870/share, with a market capitalization of IDR 15.16 trillion.
- 8) PT Bank Negara Indonesia Tbk (BBNI) (-50.06%) at IDR 3,920/share, with a market capitalization of IDR 73.1 trillion.
- 9) PT Ciputra Development Tbk (CTRA) (-49.52%) at IDR 525/share, with a market capitalization of IDR 9.74 trillion.
- 10) PT Astra International Tbk (ASII) (-47.58%) at IDR 3,630/share, with a market capitalization of IDR 146.96 trillion.

Although LQ45 shares are a type of share that has the top ranking on the stock market in a certain period because it has the highest liquidity among other shares, and has good prospects. However, during the Covid 19 pandemic, LQ45 shares also experienced abnormal conditions. Conditions of uncertainty in handling the Covid 19 pandemic at the beginning and the emergence of various government policies in handling the spread of the Corona disease 19 virus, resulted in negative market sentiment towards Indonesia's economic growth at that time. News regarding the handling of the spread of Covid 19 at that time triggered a capital market reaction. Share prices fluctuate drastically. Investors act rashly and want to immediately sell shares or buy them without caring about the price.

This will continue until the National Economic Recovery phase in 2022. During the PEN period, the capital market gradually recovers. Investors are increasingly confident in trading. This can be seen in the movement of the LQ45 index shares which shows quite significant developments. Around 30 LQ45 issuers have a Free Float Ratio above 40%. The free float ratio influences the stability or volatility of shares. The higher the free float percentage range, the better the stock volatility. This stability is important for investors to know to minimize losses. The share price movement of the LQ45 index in 2023 experienced quite significant changes since the government revoked the policy of Implementing Restrictions on Community Activities (PPKM) at the end of December 2022 and the threat of a global stagflation crisis in 2023. In the first semester of 2023, a number of shares in the LQ45 index recorded performance which is bad throughout 2023. In fact, some of them fell by more than 30% this year. This contrasts with the performance of the LQ45 index itself which managed

to grow 3.03% since the beginning of the year (year to date/YtD). There are 10 LQ45 shares that experienced quite a drastic decline, namely:

Table 1. 10 LQ45 Stocks

	Issuer Code	Last Price (Rp)	Year to Date (YtD) Performance
Best Performance in 2023	ADRO	2.420	-37.14%
	SRTG	1.685	-33.40%
	ITMG	26.775	-31.39%
	ESSA	640	-30.05%
	EMTK	725	-29.61%
	PTBA	2.790	-24.39%
	INDY	2.080	-23.81%
	PGAS	1.380	-21.59%
	TPIA	2.040	-20.62%
	MDKA	3.360	-18.45%
Best Performance (blue chip) in 2023	ACES	740	51.21%
	BRIS	1.670	29.46%
	GOTO	115	26.37%
	ICBP	11.750	17.50%
	ASII	6.575	15.35%
	BBRI	5.625	13.87%
	INDF	7.350	9.29%
	BMRI	5.350	7.81%
	BBCA	9.150	7.02%
	JPFA	1.370	5.79%

Source: *idx.co.id*

The fall in ADRO shares this year occurred after experiencing huge profits in 2022, soaring by 70%. The increase in the energy sector (IDXENERGY) on the stock exchange was also extraordinary, namely 100.05%, becoming the best sectoral index throughout 2022. Adaro managed to reap huge profits throughout 2022 amidst skyrocketing coal prices triggered by the Russia-Ukraine war. Adaro recorded a net profit throughout 2022 of USD 2.83 billion or equivalent to IDR 43 trillion. This achievement skyrocketed to 175% compared to the same period the previous year. Apart from weather factors, supply and geopolitical events which cause prices to remain at high levels, the spike in ADRO's revenue comes from an annual increase in sales volume and average selling price (ASP).

In contrast to last year, coal prices have indeed cooled this year. On an annual basis (year on year/YoY), coal prices are minus 67%. However, the current price of black stone is still above US\$140 per ton, which is said to have not yet reached its historical lowest point. Apart from ADRO, shares of other coal issuers in LQ45 which also experienced a significant decline this year were PT Indo Tambangraya Megah Tbk (ITMG) which was minus 31.39% to IDR 26,775/share. This price dropped significantly after ITMG shares touched the level of IDR 45,650 in trading at the end of October 2022. Like Adaro, ITMG's financial performance is also the best, in line with the increase in coal prices in 2022. Then, shares of state-owned coal issuer PT Bukit Asam Tbk (PTBA) and PT Indika Energy Tbk (INDY) were also the worst in the first semester of 2022, minus 24.59% and 23.81% respectively. But it cannot be denied

that at the beginning of 2023, the performance of blue chip shares will be quite good considering the 2022 financial reports from the issuers. Blue chip stocks tend to move stably so that price changes are not too volatile. This leading stock is also predicted to be positive throughout 2023 as the election period approaches. Apart from that, the end of the pandemic becoming endemic also pushed up the performance of blue chip stocks. People's purchasing power has recovered, causing a number of shares to move positively. In the first semester of 2023, shares from the banking and consumer sectors performed better than other sectors.

Blue Chip stocks are stocks that have good liquidity. Usually this liquidity is influenced by the number of shares owned by the public or circulating on the stock exchange. The more public share ownership, the more liquid the shares will be. Shares that fall into the Blue Chip category have usually been listed on the Indonesia Stock Exchange for quite some time, with a minimum period of five years. Shares of the household necessities provider PT Ace Hardware Indonesia Tbk (ACES) are the best LQ45 shares this year. Since the beginning of the year. Meanwhile, in the last month foreigners made a net buy of IDR 154.09 billion on the regular market. In the first quarter of 2023, ACES posted a net profit of IDR 158.4 billion or grew 3.2% annually (YoY). Meanwhile, ACES' dividend payout ratio (DPR) reached 80% of the total net profit for the 2022 financial year of IDR 673.64 billion.

Shares of the Islamic bank issuer PT Bank Syariah Indonesia Tbk (BRIS) also performed well with a price jump of 29.46% YtD. Similar to ACES, foreigners have also accumulated net purchases at BRIS of up to IDR 352.11 billion since the beginning of the year. This positive stock performance is in line with good financial reports. Throughout the first three months of 2023, BRIS managed to record a net profit of IDR 1.46 trillion. This figure rose 47.65% compared to the same period the previous year of IDR 988 billion. Shares of e-commerce and online motorcycle taxi issuer PT GoTo Gojek Tokopedia Tbk (GOTO) also soared high this year, reaching 26.37%. Foreign funds flowed heavily into GOTO, with a net buy figure of IDR 3.24 trillion in the regular market during 2023. Apart from the names above, shares of automotive giant PT Astra International Tbk (ASII) to the Indofood duo, PT Indofood CBP Sukses Makmur Tbk (ICBP) and PT Indofood Sukses Makmur Tbk (INDF), also have good performance. ASII shares jumped 15.35%, ICBP rose 17.50%, and INDF 9.29%. Shares of three giant banks, PT Bank Rakyat Indonesia Tbk (BBRI), PT Bank Mandiri Tbk (BMRI), and PT Bank Central Asia Tbk (BBCA), also gave profits, gaining 13.87%, 7.81%, respectively. and 7.02% YtD.

The above phenomenon indicates that the capital market reaction after the Covid-19 pandemic was changed to endemic status, the stock market has not yet fully recovered. The market still reacts negatively to government policies to stabilize the economy. In fact, in 2023, Indonesia will prepare its economy to face the 2024 elections. The presidential and vice presidential elections provide a very noisy political feel. There is a lot of information circulating, and various events that have informational power for investors greatly influence the capital market. The more important the role of the capital market for a country's economy, the more sensitive the capital market is to various important events or happenings around it, both related and not directly related to economic issues (Ahmed et al., 2017). International financial spillovers to emerging market economies: How important are economic fundamentals. *Journal of International Money and Finance*, 76, 133-152.). Investors really need certainty about the commitment of the country's leadership candidates for the next five years. It is hoped that the next president and vice president will be able to provide a sense of security and comfort for investing. Guaranteeing stable economic growth and creating a conducive political climate. The capital market's reaction to all information at the time of determining the presidential and vice presidential candidates can be in the form of

positive sentiment or negative sentiment. This reaction can be measured using the variables abnormal return and trading volume activity. Conversely, events that do not contain information will not provide abnormal returns to investors. (Setyowati & Hariyati, 2022).

The election for the President of the Republic of Indonesia for the period 2024-2029 will be held on February 14 2024 simultaneously in the territory of the Republic of Indonesia and for all Indonesian people who currently reside abroad. However, the election stages have started on June 14 2022 for election planning, programs and budgets. The political agenda in determining the Presidential and Vice Presidential Candidates runs in accordance with what is determined by the Indonesian KPU and has been approved by the Indonesian DPR and the Government, namely as follows:

Registration of Presidential & Vice Presidential Candidates

1. Registration announcement: 16 October 2023 - 18 October 2023
2. Registration period: 19 October 2023 - 25 October 2023

Health Verification and Examination

1. Verification of completeness and correctness of administrative documents of prospective candidate pairs: 19 October 2023 - 28 October 2023
2. Health examination of prospective pairs of candidates: 19 October 2023 - 27 October 2023
3. Notification of verification results for completeness and correctness of administrative requirements documents: 23 October 2023 - 29 October 2023
4. Improvement and/or process of completing the administrative requirements for prospective candidate pairs by political parties and/or coalitions of political parties: 25 October 2023 - 31 October 2023
5. Submission of revised results and/or completeness of administrative requirements for prospective candidate pairs by political parties and coalitions of political parties: 26 October 2023 - 1 November 2023
6. Verification of revised results and/or completeness of administrative requirements for prospective candidate pairs: 26 October 2023 - 2 November 2023
7. Notification of verification results of improvements and/or completeness of administrative requirements to political parties or combinations of political parties: 26 October 2023 - 3 November 2023

Proposal for Replacement

1. Nomination of potential replacement candidate pairs by political parties or combination of political parties: 26 October 2023 - 7 November 2023
2. Health examination of potential replacement candidates: 26 October 2023 - 10 November 2023
3. Verification of completeness and correctness of administrative requirements documents for potential replacement candidate pairs: 26 October 2023 - 11 November 2023
4. Notification of the results of verification of the completeness and correctness of administrative requirements documents for potential replacement candidate pairs for political parties or combinations of political parties: 11 November 2023 - 12 November 2023

Determination of Candidate Pairs

1. Determination and announcement of candidate pairs for presidential and vice presidential elections: 13 November 2023

Determination of serial numbers for candidate pairs: November 14, 2023

This research was conducted to determine the reaction of the Indonesian capital market after the Covid-19 pandemic to national political events, where the focus of the research was on the event of determining the presidential and vice presidential candidates. How do investors react to this information. If the announcement of the determination of the 2024 Presidential and Vice Presidential Candidates provides positive results for investors, a return will be greater than the expected return. On the other hand, if the announcement of the determination of the 2024 Presidential and Vice Presidential Candidates produces negative results for investors, a return that is smaller than the expected return will result. The occurrence of returns that are greater or smaller than the expected return is what is called Abnormal Return. This condition reflects that the announcement of the determination of the 2024 Presidential and Vice Presidential Candidates contains important information for the market. The capital market response to an event can also be seen from the large change in stock trading volume, which is called Trading Volume Activity (TVA). If the announcement of the determination of the 2024 Presidential and Vice Presidential Candidates provides positive results for investors, there will be an increase in stock trading volume. If an increase in stock trading volume occurs when prices decrease then the market is in a sluggish condition, but if an increase in stock trading volume occurs when prices increase then the market is in an optimistic condition.

Research will be conducted on companies listed on the Indonesia Stock Exchange (BEI) in the LQ45 Index category. The LQ45 index is a liquidity index for forty-five companies that have been considered to have accountable performance and meet the criteria; listed on the Indonesia Stock Exchange for at least 3 months, has good growth prospects and financial conditions, has a high market capitalization in the last 1 year and has a transaction value on the regular market in the last 1 year. This research is an event study. Event study can be used to test the information content of an event. Information content testing is intended to see the reaction to an event. If the announcement contains information (information content), it is hoped that the market will react when the event is received by the market (Hartono, 2013). The speed of reaction between announcements and their impact on stock prices shows the strength of stock exchange efficiency. The more efficient a market is, the faster the market will respond to price changes. (Rosdiana, 2020).

The event study in this research was carried out to observe stock price movements in the capital market for 15 days at the time of the announcement of the 2024 Presidential and Vice Presidential Candidates, which is scheduled to be held on November 13 2023. So the event date is November 13 2023. And the event window in this research is 06 November 2023 – 20 November 2023. This Windows event is set for only 15 days, and this is quite a short time. However, this is felt to be sufficient because the political dynamics of the last few months have provided sufficient description and information about the profile of each prospective candidate. So that investors can predict conditions after the determination of the presidential and vice presidential candidates. Even though there will be negative or positive sentiment from the capital market, LQ45 issuers are believed to be very intelligent in determining the best choice in critical conditions. Based on the above phenomenon, the aim of this research is to test and analyze whether there is a difference in the average abnormal return and average trading volume activity before and after the announcement of the determination of the 2024-2029 Presidential Candidates for the LQ 45 index shares. the difference between average abnormal returns and average trading volume activity before and after the announcement of the determination of the 2024-2029 RI Presidential Candidate pair on LQ 45 index shares?

2. LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

Efficient Market Hypothesis Theory (Capital Market Efficiency Theory)

Market efficiency theory is a capital market whose security prices reflect all available information. Market efficiency includes internal efficiency and external efficiency. Internal efficiency can influence share prices, if transaction costs in securities trading are lower if efficiency is related to the large costs of buying/selling securities. External efficiency affects prices, determined by the speed of adjustment of security prices in the capital market to new information.(Fama, 1969). Fama divides market efficiency into three levels, namely The Weak Efficient Market Hypothesis, The Semistrong Efficient Market Hypothesis and The Strong Efficient Market Hypothesis. The Weak Efficient Market Hypothesis, Market efficiency is said to be weak because in the process of making buying and selling decisions investors use past stock price and volume data. Based on past prices and volumes, various technical analysis models are used to determine whether the price direction will rise or fall. Technical analysis studies stock price movement patterns according to ongoing economic conditions. The Semistrong Efficient Market Hypothesis, Market efficiency is said to be half strong because in the decision making process of buying and selling shares investors use past prices, past volumes and all published information such as annual financial reports, stock exchange announcements, international financial information, government laws and regulations, political events, legal events, social events and other things that can affect the national economy. Investors use a combination of technical analysis and fundamental analysis in the process of calculating stock value. The Strong Efficient Market Hypothesis, Market efficiency is said to be strong because investors use comprehensive data, namely past prices, past volumes, published information and private information that is not publicly published. All relevant information available is reflected in the share price. In these circumstances no investor can obtain Abnormal Returns using any information. It is hoped that estimation calculations using more complete information will result in more precise stock buying and selling decisions and high returns. Research activities to analyze variables that influence stock prices are very important even though they require high research costs, as long as they increase the company's returns. Increased returns will occur if portfolio policies or stock buying and selling decisions based on research results are right on target. The following are some indicators of strong form market efficiency The profits obtained are very slim due to low price fluctuations, the market price is close to the company's intrinsic price, symmetric information that investors have the same to obtain information and investors' analytical abilities are relatively no different.

The theory of capital market efficiency according to Tandelilin (2010:221) is an efficient market concept which places more emphasis on the information aspect, which means that an efficient market is a market where the prices of traded securities reflect all available information. Information that has value for investors can be reflected through changes in stock prices and stock trading levels which can be measured through two measurement indicators, namely abnormal returns and trading volume activity (Wibowo & Darmanto, 2019; Utami & Qoyum, 2020; Muzzammil & Rizki, 2020; Widuhung, 2021).

Signaling Theory (Signal Theory)

Signal theory is an action taken by company management that gives investors clues about how management views the company's prospects. This theory provides an explanation of the reasons why companies have the urge to convey or provide information related to the company's financial reports to external parties. The urge to convey or provide information related to financial reports to external parties is based on the existence of information asymmetry between company management and external parties (Handoko, 2021). According

to Hartono (2017) and Fabian (2023) that information published as an announcement will provide a signal for investors when considering investment decision making. The intended signal can be information received by investors to be interpreted as a good signal (good news) or bad (bad news) so that can be the basis for decision making. Investors will consider information to be a good signal if the resulting abnormal return is positive, conversely if the information is considered bad news then the resulting abnormal return is negative (Sutrisno & Ningtiyas, 2021; Junus & Irwanto, 2021; Khoerunnisa & Wijaya, 2023; Azahra & Komara, 2024).

A signal is an action taken by company management that gives investors a clue as to how management views the company's prospects. In accordance with this statement, companies with profitable future prospects will try to avoid selling company shares but instead seek new capital income through other means such as using debt that exceeds the normal capital structure target. Conversely, companies with less profitable prospects will tend to sell their company shares. In other words, the announcement of a share issuance by a company is a sign or signal that indicates that the company's management views the company's prospects as gloomy and if a company offers to sell new shares more frequently than usual, the company's share price will decrease, this is due to because issuing new shares gives a negative signal which can then suppress share prices (Carpenter & Whitelaw, 2021). An increase in share prices or a high share price of a company is an indication that the company has high firm value. Therefore, company value can provide prosperity for shareholders as share prices increase (Handriani & Robiyanto, 2018). Signal theory is related to the value of the company, if the company fails or cannot convey a good signal regarding the value of the company, the value of the company will experience a mismatch with its position, meaning that the value of the company can be above or below its true value. (Handoko, 2021).

Capital market

The capital market is long-term funding in the form of bonds or shares. and investment facilities for parties or investors who have excess funds. The capital market is a place for buying and selling long-term financial instruments. Long-term instruments are investments for a period of more than one year. Long-term financial instruments include bonds, shares, mutual funds and other derivative instruments.

Capital Market Reaction

The definition of the capital market according to Tandelilin (2017) is defined as a meeting between parties who have excess funds and parties who need funds by buying and selling securities. The capital market is a place for buying and selling long-term financial instruments. Long-term instruments are investments for a period of more than one year. Long-term financial instruments include bonds, shares, mutual funds and other derivative instruments (Tandelilin, 2017). Market reaction is a proxy that describes investor reactions to company performance. The higher the market reaction of a company, the better the company's performance. The company's financial performance is one of the factors that investors look at to determine stock investment. Market reaction is a response or responses originating from information that results in changes occurring in the market, especially the capital market. Event study research examines market reactions because an event occurs. The market will react to events that contain information. An event can be thought of as a surprise or something unexpected. The bigger the surprise, the bigger the market reaction. The market reaction to an event is proxied by abnormal returns. Market reaction is the market's response to information entering the market. The market reaction is shown by changes in the price of the security in question. This reaction can be measured using

abnormal returns. (Hartono, 2017).

Abnormal Stock Returns

According to Hartono (2017), return is the return obtained from the investment made. There are two types of returns for investors, namely expected returns and realized returns. Realized return or normal return is the return obtained by investors. Expected return is the return that is expected to occur in the future. Determining the expected return is determined by considering the realized return and the risks that exist for a stock. The smaller the risk that is expected to occur and the greater the realized return, the greater the target for obtaining expected returns. Abnormal return is the excess of the return that actually occurs over the normal return. Or in other words, abnormal return is the difference between the actual return that occurs and the expected return. Where expected return is the estimated return. Abnormal returns can be classified into 4 groups, namely: (Hartono, 2017).

Abnormal Return (AR)

Abnormal returns occur in every type of stock, such as the difference between actual returns and expected returns which are calculated daily. By calculating it per day, in a window period you can find out the highest or lowest abnormal return and you can also know on what day the strongest reaction occurred for each type of stock. Information leaks that result in abnormal returns appearing in the period before an event occurs will appear in the abnormal return graph for each type of stock.

Average Abnormal Return (AAR)

Average abnormal return is the average of the abnormal returns of all types of shares that are being analyzed on a daily basis. So there is AAR day-1, AAR day-2. etc. AAR is able to show reactions with very strong results, both positive and negative, from all types of shares on certain days during the window period.

Cumulative Abnormal Return (CAR)

Cumulative Abnormal Return is the daily cumulative abnormal return from the first day to the following days for each type of stock. The cumulative abnormal return for the period before an event occurs will be compared with the cumulative abnormal return during the period after the event occurs. By making this comparison, we can find out which types of shares have the most influence, both positive and negative, during a period.

Cumulative Average Abnormal Return (CAAR)

Cumulative abnormal return is the daily cumulative average abnormal return from the first day to the following days. From this daily average abnormal return graph, we can see the tendency of increases or decreases that occurred during the window period, so that the positive or negative impact of these events on all types of shares studied can also be known.

Trading Volume Activity (TVA)

Trading volume activity is the number of shares buying and selling activities in a certain period. There are two terms for investors in assessing a stock based on trading volume activity, namely bearish and bullish. Bearish is a term for a situation where the market is considered to be tending to decline. Meanwhile, bullish is the opposite, namely the term for a situation where the market is considered to be likely to increase. Trading volume activity can indicate the state of the capital market at that time. When trading volume activity experiences an increase or decrease, it can be said that at that time the market is absorbing information that has been published. Systematically Trading Volume Activity is explained as follows:

$$TVA = \frac{\text{Jumlah Saham } i \text{ yang diperdagangkan pada Periode } t}{\text{Jumlah Saham } i \text{ yang beredar pada Periode } t}$$

Event Study

Event Study is an observation of stock movements in the capital market to find out whether there are abnormal returns obtained by shareholders as a result of a certain event Ariffadin & Sishadiyati (2024) said that the event in question is an event whose information is published as an announcement. Event studies can be used to measure the information content of an announcement and can also be used to test the semi-strong form of the market. Alfionita & Cahyaningdyah (2022) and Mita (2023) also said that information content testing and semi-strong form market efficiency testing are two different tests (Anggraeni et al., 2019; Listyaningsih et al., 2020; Astari & Yasa, 2023). Information content testing is intended to see the reaction to an announcement. If the announcement contains information, it is hoped that the market will react when the announcement is received by the market. This market reaction can be measured using returns as the value of price changes or by using abnormal returns. If abnormal returns are used, it can be said that an announcement containing information content will provide an abnormal return to the market. On the other hand, if it does not contain information, it will not provide abnormal returns to the market. (Gursida & Indrayono, 2019; Fabian & Santoso, 2020; Amaroh, 2020; Jegarut et al., 2021)

MacKinlay (1997) said that the use of event study is to provide rationality in the market, that the effects of an event will be quickly reflected in the price of a security in the capital market. From this definition, it can be concluded that event study is a method for measuring the effect of certain events, for example economic, financial and non-economic events on the value of a company which is reflected in changes in prices and trading volume activity of securities in the capital market. Changes in securities prices can be seen in abnormal returns.

Hypothesis Formulation

In analyzing whether there is a market reaction as reflected in the differences in abnormal returns and trading volume activity in companies listed on the Indonesia Stock Exchange (BEI) in the LQ45 Index category at the time of the announcement of the determination of the Indonesian presidential candidate pair, the hypothesis in this research is as follows. following:

Ho1: There is no difference in average abnormal returns in the seven days before and seven days after the announcement of the 2024 Indonesian Presidential Candidates.

Ha1: There is a difference in the average abnormal return seven days before and seven days after the announcement of the 2024 Indonesian Presidential Candidates.

Ho2: There is no difference in average trading volume activity in the seven days before and seven days after the announcement of the 2024 Indonesian Presidential Candidates.

Ha2: There is a difference in average trading volume activity in the seven days before and seven days after the announcement of the 2024 Indonesian Presidential Candidates.

3. RESEARCH METHODOLOGY

This research is an event study with a quantitative approach. Event studies are generally used to determine the influence of an event on the price of a security (Edmans et al., 2017). This type of research is comparative research, namely comparing the capital market reaction as reflected in the differences in the average abnormal return and the average trading activity volume at the time of the announcement of the selection of the Indonesian presidential candidate pair. The event window for abnormal returns and trading activity volume is around the event date for 7 IDX working days before the announcement and 7 IDX working days after the announcement. This period is assumed to be adequate for investors to respond to the announcement. The event date for this research is November 13 2023. And the complete event window for this research can be seen in table 1 below.

Table 2. Dates of National Political Events Before the 2024 Presidential Election

Political Events	Event Date	Event Period
Announcement of the Determination of Candidate Pairs for President of the Republic of Indonesia 2024-2029	November 2023	13. 11/02/2023 – 11/22/2023

Source: processed data, 2023

The data used in this research is secondary data, namely in the form of annual reports of companies listed on the Indonesia Stock Exchange (BEI) in the LQ45 Index category in the event period or window event period.

Operational definitions are needed so that the concepts used can be measured empirically to avoid misunderstandings and different interpretations of meaning. The independent variable (X) in this research is the capital market reaction which is analyzed in Variable X1 is the Average Abnormal Return and X2 is the Average Trading Volume Activity. Meanwhile, the related variable (Y) is national political events which are proxied in the announcement of the determination of the candidate pairs for President of the Republic of Indonesia for 2024-2029.

The population in this study is all issuers included in the LQ45 stock index listed on the Indonesia Stock Exchange during the event period. The sampling technique used was the Census technique, so the sample used in this research was all issuers on the LQ45 stock index on the Indonesia Stock Exchange during the event period, totaling 45 issuers. The Issuers in the LQ45 Stock Index can be seen clearly in table 3.2 below.

Table 3. List of LQ45 Index Share Issuers in 2023

Code	Issue Name	Sector
ACES	PT Ace Hardware Indonesia Tbk	Non-Primary Consumer Goods
ADRO	PT Adaro Energy Indonesia Tbk	Energy
AKRA	PT AKR Corporindo Tbk	Energy
AMRT	PT Sumber Alfaria Trijaya Tbk	Primary Consumer Goods
ANTM	PT Aneka Tambang Tbk	Raw Goods
ARTO	PT Bank Jago Tbk	Finance
ASII	PT Astra International Tbk	Industry
BBCA	PT Bank Central Asia Tbk	Finance
BBNI	PT Bank Negara Indonesia (Persero) Tbk	Finance
BBRI	PT Bank Rakyat Indonesia (Persero) Tbk	Finance
BBTN	PT Bank Tabungan Negara (Persero) Tbk	Finance
BMRI	PT Bank Mandiri (Persero) Tbk	Finance
BRIS	PT Bank Syariah Indonesia Tbk	Finance
BRPT	PT Barito Pacific Tbk	Raw Goods
OPEN	PT Bukalapak.com Tbk	Technology
CPIN	PT Charoen Pokphand Indonesia Tbk	Farm
EMTK	PT Elang Mahkota Teknologi Tbk	Technology
ESSA	PT Surya Esa Perkasa Tbk	Energy
EXCL	PT XL Axiata Tbk	Infrastructure
GGRM	PT Gudang Garam Tbk	Primary Consumer Goods
GOTO	PT GoTo Gojek Tokopedia Tbk	Technology
HRUM	PT Harum Energy Tbk	Downstream

Code	Issue Name	Sector
ICBP	PT Indofood CBP Sukses Makmur Tbk	Primary Consumer Goods
INCO	PT Vale Indonesia Tbk	Raw Goods
INDF	PT Indofood Sukses Makmur Tbk	Primary Consumer Goods
INDY	PT Indika Energy Tbk	Energy
INKP	PT Indah Kiat Pulp & Paper Tbk	Raw Goods
INTP	PT Indocement Tunggal Prakarsa Tbk	Raw Goods
ITMG	PT Indo Tambangraya Megah Tbk	Energy
KLBF	PT Kalbe Farma Tbk	Health
MAPI	PT Mitra Adiperkasa Tbk	Non-Primary Consumer Goods
MDKA	PT Merdeka Copper Gold Tbk	Raw Goods
MEDC	PT Medco Energi Internasional Tbk	Energy
PGAS	PT Perusahaan Gas Negara Tbk	Energy
PTBA	PT Bukit Asam Tbk	Energy
SCMA	PT Surya Citra Media Tbk	Non-Primary Consumer Goods
SIDO	PT Sido Muncul Herbal and Pharmaceutical Industry Tbk	Health
SMGR	PT Semen Indonesia (Persero) Tbk	Raw Goods
SRTG	PT Saratoga Investama Sedaya Tbk	Agriculture
TBIG	PT Tower Bersama Infrastructure Tbk	Infrastructure
TLKM	PT Telkom Indonesia (Persero) Tbk	Infrastructure
TOWR	PT Sarana Menara Nusantara Tbk	Infrastructure
TPIA	PT Chandra Asri Petrochemical Tbk	Raw Goods
UNTR	PT United Tractors Tbk	Industry
UNVR	PT Unilever Indonesia Tbk	Primary Consumer Goods

Source: <https://www.idx.co.id>

Data Analysis Methods

Data analysis in this research will be carried out separately for each event. Before further testing is carried out, a normality test will be carried out first so as not to violate the basic assumptions of the statistical tools used. The data normality test will use the Kolmogorov Smirnov Test. The Kolmogorov Smirnov test is carried out using the hypothesis:

Ho = Residual data is not normally distributed

Ha = Normally distributed residual data

Normality testing is carried out by looking at the 2-tailed significant value. H0 is accepted and Ha is rejected if the significant number (sig) ≤ 0.05 . H0 is rejected and Ha is accepted if the significant number (sig) ≥ 0.05 (Manfei et al., 2017). If the results of the normality test show that the sample is normally distributed then the different test that will be used is the parametric test or Paired Sampe t-Test, whereas if the data is not normally distributed then the different test used is the non-parametic test or Wilcoxon Signed Rank Test (Ningsih & Cahyaningdyah, 2014).

The first step taken in testing hypothesis 1 is to calculate the abnormal return, where the abnormal return on a stock is the difference between the actual return and the expected return. To calculate the abnormal return from stock i on day t, the following formula is used:(Hartono, 2017).

$$AR_{it} = Rit - E (Rit)$$

Where:

AR_{it} = abnormal return of stock i on day t

R_{it} = actual return for stock i on day t

E (R_{it}) = expected return for stock i on day t

Meanwhile, to calculate the Actual Return or realized return (R_{it}) use the formula

$$R_{it} = \frac{P_t - P_{t-1}}{P_{t-1}}$$

Where:

R_{it} = actual return

P_t = share price at time t

P_{t-1} = share price at t - 1

In this research the expected return E (R_{it}) is calculated using a single index market model, because the researcher wants to form an expectation model by using actual data during the estimation period and then using the expectation model (which was formed in the estimation period) to estimate the expected return in the window period (event window). This expectation model can be formed with the following equation:(Hartono, 2017).

$$E (R_{it}) = \alpha_i + \beta_i R_{mt}$$

Where:

E (R_{it}) = expected return for stock i on day t

R_{mt} = return rate of the market index on day t

α = intercept, which is a constant or expected value of security returns that is independent of market returns

β = stock beta which is a coefficient that measures changes in R_i as a result of changes in R_m

The coefficients α and β are obtained from time series regression calculations between R_{it} and R_{mt}. From the coefficients α and β obtained, the expected return for each share E(R_{it}) is calculated. Stock market returns (R_m) are sought using the basic LQ45 index because LQ45 is a proxy for leading shares (shares that have the largest capitalization and can be said to be active shares). Testing for abnormal returns is not carried out for each security, but is carried out in aggregate by testing the average abnormal return (Average Abnormal Return or AAR) of all securities in a cross section for each day in the event period (event window). By using the market model AR = R_{it} - E(R_{it}) which is generated in the estimation period, the abnormal return for the event period can be calculated using the formula:(Hartono, 2017).

$$AR_{it} = R_{it} - (\alpha + \beta R_{mt})$$

To test the null hypothesis which states that the average abnormal return is equal to zero, the t test is used, while as a standardization the Standardized Abnormal Return (SAR) is used. In this research, the t test used to test the null hypothesis which states that the average abnormal return is equal to zero is as follows:(Hartono, 2017).

t count = AAR/ Standard error of estimate or

SAR_{it} = AAR / standard error of estimate

This t count is a standardization for abnormal returns, because according to Gujarati (1997) every standardized variable has an important characteristic, namely its average value is zero and its variance is one.

In calculating Trading Volume Activity (TVA), it is obtained by comparing shares traded with shares outstanding in the same period. The TVA results in the event period are then grouped into TVA before and after the event by separating the TVA on the event date, then averaging them. After that, the steps taken are to calculate the standard deviation of the average trading volume activity for the period before and after the event, look for t at the 5%

significance level, and then compare it with t table to get the results whether to reject or accept H_0 . i abnormal return value with standard error of estimate. The steps mentioned above are briefly described as follows: (Hartono, 2017).

1. Calculate the trading volume activity value of share i in period t using the formula:

$$2. \text{TVA} = \frac{\text{Jumlah Saham } i \text{ yang diperdagangkan pada Periode } t}{\text{Jumlah Saham } i \text{ yang beredar pada Periode } t}$$

3. Calculating the average trading volume activity of all sample shares (before and after the event)

4. Calculating the standard deviation of the average return before and after the event,

Carry out a statistical test (t test) to determine the significance of TVA before and after the event, (at the significance level $\alpha = 0.05$)

Hypothesis test

According to Manfei et al. (2018) Paired Sample t-Test is a test of the average difference between two paired samples which are the same subject but have experienced different treatment. The Paired Sample t-Test is carried out by comparing the difference between two average values with the standard error of the difference in the average of two samples. So, the purpose of this difference test is to compare the means of two groups that are not related to each other. This research uses Paired Sample t-Test to test whether there is a difference in average abnormal returns and average trading volume activity before and after the Announcement of the Determination of the Indonesian Presidential Candidates for 2024-2029. This research uses a significance level of $\alpha = 5\%$ with the following test criteria: The hypothesis is accepted if the significance value is <0.05 (5%), meaning that there is a difference in average abnormal return and average trading volume activity before and after the event. The hypothesis is rejected if the significance value is > 0.05 (5%), meaning there is no difference in average abnormal return and average trading volume activity before and after the event.

The Wilcoxon Signed Rank Test is a non-parametric test used to analyze paired data because there are two different treatments (Rietveld & van Hout, 2017). The Wilcoxon signed rank test is used if the data is not normally distributed. The basis for making a decision to accept or reject H_0 in the Wilcoxon signed rank test is as follows The hypothesis is accepted if the probability value <0.05 means that there is a difference in average abnormal return and average trading volume activity before and after the event. The hypothesis is rejected if the probability value > 0.05 , meaning there is no difference in average abnormal return and average trading volume activity before and after the event.

4. RESEARCH RESULT

This research data comes from the LQ45 issuer which is listed on the Indonesia Stock Exchange in 2023. The research time period corresponds to the predetermined event period, namely 7 days before the announcement of the Presidential Candidate, namely 11/13/2023 and 7 days after the event date. So, the observation period is from 11/02/2023 to 11/22/2023. Data obtained from the LQ45 Issuer stock index and the LQ45 index. The variables studied are the Average Abnormal Return before and after the event (X1), the Average Volume Trading Activity before and after the event (X2) and the Announcement of the Determination of the 2024 Indonesian Presidential Candidate Pair (Y).

Average Abnormal Return (AR)

From the calculation of the Average Abnormal Return, it can be seen that before the announcement of the 2024 Indonesian Presidential candidate, around 40% or 18 shares of LQ45 issuers could achieve Abnormal Returns, and 60% or around 27 shares of LQ45 issuers

could not achieve Abnormal Returns. This gives a negative signal to the Indonesian capital market. And after the announcement of the 2024 RI Presidential candidate on 11/13/2023, the average Abnormal Return on shares of LQ45 issuers fell to 35% or only 16 issuers were able to achieve Abnormal Returns. And 65% or 29 issuers were unable to achieve Abnormal Return.

This shows that the capital market reacted negatively to the announcement of the 2024 Indonesian Presidential candidate pair. The shares of LQ45 issuers that were able to achieve a stable Abnormal Return before and after the announcement date were 20% or 9 issuers, namely ADRO, ARTO, BBRI, EMTK, GOTO, MAPI, SMGR, SRTG and TOWR.

Average Trading Volume Activity (ATVA)

From the calculation of Avarage Trading Volume Activity, it can be seen that the capital market reaction to information through the movement of trading volume activity before the announcement of the determination of the 2024 Indonesian Presidential candidate was low. Shares traded compared to the total number of shares outstanding in the event period 11/02/2023 to 11/11/2023 averaged 48.88% or 22 LQ45 Issuer Shares and trading volume after the event date 11/13/ 2023 is 35.55% or 16 shares of LQ45 issuers. The low trading volume following the announcement of the appointment of the 2024 Presidential Candidate of the Republic of Indonesia shows that the trading volume of LQ 45 issuer shares has decreased quite significantly. Capital market investors reacted negatively to political information at that time, by refraining from buying LQ45 shares. Companies that have stable trading volume before and after the announcement date are 17% or 8 companies, namely; ADRO, ARTO, BBRI, EMTK. MAPI, SMGR, SRTG and TOWR.

Descriptive Statistics

Descriptive statistical analysis was carried out on the variables used in this research. In descriptive statistics there are minimum values, maximum values, mean (average), and standard deviation. When viewed using descriptive statistical data processing it will look as follows:

Descriptive Test Results Data Avarage Abnormal Return (AAR)

Table 4. Descriptive AAR Data and ATVA Data

		N	Min.	Max.	Mean	Std. dev
Descriptive AAR Data	AARBefore	45	-	2.7727716	101154660	5497078309
	AARAfter	45	-	0223658	-	0900628887
	Valid N (listwise)	45	5439444	6032185	014117758	
Descriptive ATVA Data	ATVABefore	45	0000396	0132352	001069281	0022023558
	ATVAAfter	45	0000953	0117520	001220928	0023454861
	Valid N (listwise)	45				

The length of observation carried out was before and after the announcement of the 2024 RI Presidential Candidate Determination, 7 days each. This research observes and analyzes the shares of LQ45 issuers, totaling 45 companies listed on the Indonesia Stock Exchange. Based on the table above, the results regarding descriptive analysis can be explained as follows:

Abnormal Return before the Announcement of the 2023 RI Presidential Candidate Determination

In table 4.3 above, the Avarage Abnormal Return variable has a mean of .101154660 and a standard deviation of .5497078309. The average AAR value is smaller than the

standard deviation. This shows that the data used in the AAR before the announcement has a large spread from the mean value, so the data deviation in the AAR is said to be not good. Standard deviation reflects very high deviations, so that the distribution of data shows normal results. The minimum value of the average abnormal return before the announcement of the 2023 RI Presidential Candidate Determination is $-.5439444$ and the maximum value is 2.7727716 . The results of these data show that there is a fairly large range between the minimum value and the maximum value.

Abnormal Return after the Announcement of the Determination of the 2023 Indonesian Presidential Candidates

In table 4.3 above, the Average Abnormal Return variable after the announcement of the 2024 RI Presidential Candidate Determination has a mean value of $-.014117758$ and a standard deviation of $.0900628887$. This means that the mean is smaller than the standard deviation, thus indicating that the results are not good. Because standard deviation reflects deviations that are so high that the distribution of data shows abnormal results. The minimum value for Average Abnormal Return is $-.6032185$, while the maximum value is $.0223658$ with these results showing that the range of the highest and lowest values is quite far.

Average Trading Volume Activity (ATVA) before the Announcement of the Determination of the 2023 Indonesian Presidential Candidates

In table 4.4 above, the Average Trading Volume Activity variable before the announcement has a mean value of $.001069281$ and a standard deviation of $.0023454861$. This means that the mean is smaller than the standard deviation, thus indicating that the results are not good. Because standard deviation reflects deviations that are so high that the distribution of data shows abnormal results. The minimum value for Average Trading Volume Activity is $.0000396$ while the maximum value is $.0132352$ with these results showing that the range of highest and lowest values is quite far.

Average Trading Volume Activity after the Announcement of the 2023 RI Presidential Candidate Determination

In table 4.6 above, the Average Trading Volume Activity variable after the announcement of the 2023 RI Presidential Candidate Determination has a mean value of $.001220928$ and a standard deviation of $.0023454861$. This means that the mean is smaller than the standard deviation, thus indicating that the results are not good. Because standard deviation reflects deviations that are so high that the distribution of data shows normal results. The minimum value for Average Trading Volume Activity is $.0000953$ while the maximum value is $.0117520$ with these results showing that the range of highest and lowest values is quite far.

Data Normality Test

The normality test was carried out on the variables used in this research consisting of the Average Abnormal Return and Average Trading Volume Activity variables. The aim of the normality test is to test whether in the regression model the confounding or residual variables have a normal distribution. A good regression model has a normal or close to normal data distribution. The data normality test in this study used the Kolmogorov-Smirnov One Sample test. Meanwhile, the results of this test are AAR Normality Test Results

Table 5. AAR Normality Test

		AAR	
		Previous	AAR After
N		45	45
Normal Parameters, b	Mean	101154660	-014117758
	Std. Deviation	5497078309	0900628887
Most Extreme Differences	Absolute	484	471
	Positive	484	360
	Negative	-372	-471
Statistical Tests		484	471
Asymp. Sig. (2-tailed)		000c	000c

a. Test distribution is Normal.
b. Calculated from data.
c. Lilliefors Significance Correction.

Table 6. ATVA Normality Test

		ATVA	
		Before	After
N		45	45
Normal Parameters, b	Mean	001069281	001220928
	Std. Deviation	0022023558	0023454861
Most Extreme Differences	Absolute	340	316
	Positive	340	312
	Negative	-320	-316
Statistical Tests		340	316
Asymp. Sig. (2-tailed)		000c	000c

a. Test distribution is Normal.
b. Calculated from data.
c. Lilliefors Significance Correction.

The results of data processing using the Kolmogorov-Smirnov One Sample test showed that the significance value of stock Average Trading Volume Activity before the announcement of the Determination of the 2024 Presidential Candidates of the Republic of Indonesia was 0.000 and the significance value of the Average Trading Volume Activity of shares after the announcement of the Determination of the 2024 Presidential Candidates of the Republic of Indonesia was 0.000. Because the value is less than 0.05, it can be concluded that the two variables are normally distributed.

The hypothesis test carried out in this research used the Paired Sample T-Test. This test is carried out to compare two interrelated variables. And it is carried out if the data is normally distributed, so that after carrying out data transformation, and the data is all normally distributed, you can use this test. The results of the Paired Sample T-Test are as follows:

Hypothesis Test Results 1 and Result 2

Table 7. Paired Sample T-Test Average Abnormal Return Test and Trading Volume Activity (ATVA) Test

Paired Sample T-Test Average		Mean	Std. Dev	Std. Error Dev.	Lower	Upper	t	df	Sig.
Abnormal Return Test	AAR	1152	5543	082634	-	2818	1.39	4	17
	Before	7241	3110	8014	.0512	1191	5	4	0
	-	82	00		6708	75			
	AAR				12				

Trading Volume Activity Test	Afte r	.0001 5164 76	0011 1910 59	000166 8265	.0004 8786 42	0001 8456 90	-909	4	36	8
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(Source: Processed secondary data, 2023)

Based on the table above, the t-count value in the table is 1.395. The two-tailed significance value is $0.170 < 0.05$, so H_0 is accepted. So, it can be concluded that H_1 is rejected, which means, there is no difference in the Average Abnormal Return before and after the announcement of the determination of the 2024-2029 Indonesian Presidential Candidate pair on the LQ 45 index shares? This is proven that the Abnormal Average Return on shares of LQ45 issuers before the announcement of the Determination of Presidential Candidates for the Republic of Indonesia for 2024-2029 occurred only in around 40% or 18 shares of LQ45 issuers, so that 60% of shares of LQ45 issuers could not achieve an abnormal return, because the actual return was negative, so it is smaller than the expected return. Average Abnormal Return on shares of LQ45 issuers after the announcement of the 2024 RI Presidential Candidate Determination, namely on 11/13/2023, fell to 35% or only 16 issuers were able to achieve Abnormal Return. And 65% or 29 shares of LQ45 issuers could not achieve Abnormal Return, because the actual return was negative, so it was smaller than the expected return. This shows the market reacts negatively to any political information. The shares of LQ45 issuers that can achieve stable Abnormal Returns before and after the announcement date are 20% or 9 issuers, namely ADRO, ARTO, BBRI, EMTK, GOTO, MAPI, SMGR, SRTG and TOWR. All the announcements made by the government and political parties have built investors' distrust towards investment in Indonesia ahead of the 2024 presidential election on February 14 2024. Investors are in a wait and see position.

Based on the table above, the t-calculated value in the table is -0.909. The two-tailed significance value is $0.368 < 0.05$, so H_0 is accepted. So, it can be concluded that H_2 is rejected, which means that there is no difference in the Avarage Trading Volume Activity before and after the announcement of the determination of the 2024-2029 Indonesian Presidential Candidate pair on the LQ 45 index shares? LQ45 issuer Trading Volume Activity data dropped drastically during the event period. Shares traded compared to the total number of shares outstanding in the event period from 11/02/2023 to 11/11/2023, the average was 48.88% or 22 LQ45 Issuer Shares and the trading volume after the event date on 11/13/2023 is 35.55% or 16 shares of the LQ45 issuer. The low trading volume following the announcement of the appointment of the 2024-2029 Presidential Candidate of the Republic of Indonesia shows that the trading volume of LQ 45 issuer shares has decreased quite significantly. Capital market investors reacted negatively to political information at that time, by refraining from buying LQ45 shares. Companies that have stable trading volume before and after the announcement date are 17% or 8 companies, namely; ADRO, ARTO, BBRI, EMTK. MAPI, SMGR, SRTG and TOWR

Analysis of the results of this research confirmed that the market reacted negatively to all political information between the research event period, namely from 02/11/2023-22/11/2023. Many political events occurred during that time. Starting with the tug-of-war in determining the presidential candidate from each contestant for the 2024 election, investors' distrust of the presidential candidates proposed by the parties participating in the 2024 election and accusations of political maneuvers carried out by the current authorities and the Chief Justice of the Constitutional Court in deciding the age limit for presidential candidates. and Vice President for Constitutional Court Decision No. 90/PUU-XXI/2023. In this decision, the Constitutional Court decided that regional heads under the age of 40 can nominate

themselves as candidates for president and vice president, as long as they have previously served or are currently serving as regional heads. The capital market reaction to national political events is depicted in this research. That only 17% of LQ45 issuer shares have a positive and stable volume of trading activity. Meanwhile, 83% of LQ45 issuer shares had a negative volume of trading activity. This shows that there is negative investor sentiment towards investment conditions in Indonesia. There is investor discomfort in investing and market expectations are pessimistic about Indonesia's economic climate in the next five years. Are future leaders able to guarantee the creation of a business horizon that is conducive and profitable for investors?

5. CONCLUSION

There is no difference in Average Abnormal Return before and after the announcement of the determination of the 2024-2029 Indonesian Presidential Candidates on LQ 45 index shares. There is no difference in Average Trading Volume Activity before and after the announcement of the determination of the 2024-2029 Indonesian Presidential Candidate pair on LQ 45 index share.

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