

Analysis of LQ45 Stock Market Index Reaction on Presidential Election 2019

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ABSTRACT

The capital market is one of the economic supports for a country. In recent years, the Indonesian capital market has developed quite rapidly; this indicates that investment passion is developing quite well. It is undeniable that the capital market is used as an indicator and supporting the progress of a nation's economy. The capital market reacts to events that have information content, both economic events and or non-economic events. Political events are closely related to the stability and economic performance of a country. In Indonesia, capital market reactions seem to be inseparable from the reactions that occur in the capital market. This research tries to analyze the capital market reaction to political events in Indonesia, in this case, the Presidential Election 2019 which is divided into 2 research periods, namely when the Election is held and the Election Results Announcement. Capital market reaction is measured by analyzing abnormal returns and trading volume of stock activity. Market reaction testing uses event study analysis techniques and sampling is conducted by purposive random sampling method of LQ 45 shares on the Indonesia Stock Exchange (IDX) during the observation period. Abnormal returns are calculated based on expected returns obtained using the Single Index Market Model (SIMM). The results showed a significant abnormal return that occurred around the Election 2019. Furthermore, Testing on the differences of abnormal return showed no significant differences before and after the election but had a significant difference before and after the Announcement of Election Results. Testing from stock trading volume activity showed that there are differences in TVA at the time of the General Election and there are no

differences in stock trading volume at the time of Election Results Announcement.

Keywords: Capital Market Reaction, Event Study, Abnormal Return, Trading Volume Activity

INTRODUCTION

The capital market is one of the economic instruments that has developed very rapidly, used as an indicator and support the progress of a country's economy. Investors are starting to be interested in putting their funds in the capital market as one of the chosen investment vehicles with the aim of getting maximum profit. Investors recognize two analytical models as a basis for making investment decisions, namely fundamental analysis and technical analysis. Fundamental analysis is a financial analysis based on financial statements or other data released by the company. While technical analysis is a methodology of forecasting stock price fluctuations whose data is taken from stock trading data that occur on the stock market or stock exchange.

Other information related to stock transactions is greatly influenced by various events that have information content for investors. Events that can be used as information by investors can originate from internal and external conditions of the issuer. Events that originate from internal conditions can be in the form of announcements of dividend distribution, issuance of financial statements, stock splits, and so forth. Whereas external events

are generally economic or non-economic in nature, as are events that contain political content. Political events can have a negative or positive impact on the movement of shares in the capital market that can reflect the stability of economic conditions (Asri and Setiawan, 1998). Events that have information content can cause markets to react when they receive information about those events. In an efficient capital market, the market will react quickly to all relevant information. This is indicated by changes in stock prices beyond normal conditions, giving rise to abnormal returns (Zaki, 2006).

At present political events in Indonesia cannot be separated from the reactions that occur in the capital market. Political events are closely related to the stability and economic performance of a country. There are some political events that tend to get a big response from market participants, such as coups, regime changes, presidential elections, and riots (Asri and Setiawan, 1998). Luhur (2010) conducted a study of the Indonesian capital market reaction around the July 8, 2009 General Election on LQ-45 shares. Another study examining the Indonesian capital market reaction was conducted by Lia and Endy (2012) on the change of the Minister of Finance in Indonesia. In addition, research on the capital market reaction in Indonesia to political events was carried out by Asri and Setiawan (1998) on the July 27, 1996 events and the Indonesian capital market reaction to Trump's election as President of the United States by Saraswati and Mustanda (2018). In general, the results of the study indicate that there are indications that these political events have been responded to by investors and influenced capital market activities. However, based on research conducted by Asmita (2005) which examined the capital market reaction to the elections on 2004, a case study on the LQ-45 Index shares in the Jakarta Stock Exchange concluded that there was no difference in the average abnormal return between before and after events that occurred during the election on 2004 and

there is no difference in the average stock trading volume activity between before and after events that occurred during the election.

This phenomenon is attempted to be appointed by researchers to more deeply remember political events that occur contain information content that can affect capital market movements and investors' decisions in investing. Indonesia has just passed one important event, namely the General Election 2019 (PEMILU2019) which took place simultaneously, both the legislative and presidential and vice-presidential elections on April 17, 2019. Entering the stage after the elections and waiting for the KPU (General Election Commissions) to complete its work in vote counting, the condition of the Indonesian capital market was assessed analysts experienced lethargy. This is indicated by the decline in the value of the IHSG which returned to the level of 6.447,89 at the close of trading Wednesday 24/04/2019 decreased 0.05% compared to the close of trade on the last day before the election 16/04/2019. The LQ45 stock index also experienced a decline in performance from the general election process to the determination of votes by the General Election Commissions. LQ45 is recorded at the level of 1,023.94 on the last day of the closing of the stock one day before the election (04/16/2019). Until this research was written, the performance of LQ45 has improved by returning to the level of 1,023.19 (source: www.idx.co.id).

Event Study

Event study is a study that studies the market reaction to an event whose information is published as an announcement. This study examines the impact of information announcements on the price of securities. Event study research generally deals with examining how quickly information entering the market can be reflected in stock prices. Event studies can be used to test the information content of an announcement and can also be used to test the market efficiency of a half strong form

(Jogiyanto, 2003). Market reaction in the event study is shown by the change in prices of one or a group of securities. This reaction is usually measured using the concept of abnormal return. An event or announcement that has information content will give an abnormal return to the market. Conversely, an announcement that does not contain information will not give an abnormal return to the market (Asmita, 2005).

Stock returns

Stock return is the level of profit enjoyed by investors for an investment made (Robert Ang, 1997). In capital market theory, the rate of return received by an investor from shares traded in the ordinary capital market is termed return. In the stock market does not always promise a definite return for investors. However, some components that become profit opportunities will be received by investors are dividends, bonus shares, and capital gains. The components of a return consist of two types, namely current income and capital gains. Current income is the benefit obtained through periodic payments such as payment of deposit interest, bond interest, dividends and so on. It is said that current income means the profit received is usually in the form of cash or cash equivalents, so that it can be cashed quickly (liquid). For example bond coupons that pay interest in the form of demand deposits / checks, which are only cashed, as well as share dividends, which are paid in the form of shares, which are converted into cash by selling the shares received (Robert Ang, 1997).

Abnormal Return

Abnormal return according to Jogiyanto (2003) is the difference between the actual rate of return and the expected rate of return. Abnormal return or excess return is the excess of returns that actually occur against normal returns. Normal return is the return expected by investors by considering the level of risk. Market reaction due to an event usually observes changes in stock prices as measured by

abnormal returns. As mentioned in Jogiyanto (2003) that if an abnormal return is used, it can be said that an announcement that has information content will provide an abnormal return to the market. Conversely that does not contain information does not provide abnormal returns to the market. According to Ang (1997), without the benefits that can be enjoyed from an investment, of course investors will not want to invest. Further explained that every investment, both long term and short term, has the main goal of which is to get profits. To calculate the abnormal return of stock I on the t day, the following formula is used:

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

AR_{it} = abnormal stock return 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

Trading Volume Activity (TVA)

Trading volume activity (TVA) or trading volume activity is an instrument that can be used to view capital market reactions to information through parameters of trading volume activity in the market. Stock trading volume is measured by looking at the activity of stock trading volume. Changes in the trading volume of shares on the capital market show trading activities on the stock exchange and reflect investors' investment decisions. If the capital market reacts to information, there will be a change in stock trading activity on the exchange. TVA calculation is done by comparing the number of shares of a company traded in a certain period with the total number of shares of the company circulating in the same period. Trading Volume Activity is an instrument that can be used to see the capital market reaction to information through the parameters of the movement of trading volume activity on the capital market. Judging from its function, it can be said that TVA is a variation of the event study. The difference between the two lies in the parameters used to measure market reaction to an event (Asri and Setiawan, 1998).

Conceptual Framework

This research is an event study by taking non-economic events that are associated with capital market reactions. The theoretical framework begins with the existence of non-economic events, namely the PEMILU 2019 series as an event that has information content. The capital market reacts to all information received relating to the PEMILU 2019. PEMILU 2019 events can affect capital market reactions in the

form of abnormal returns and trading volume activities that occur around the implementation of the PEMILU 2019. Differences in the average abnormal return and the average TVA between before and after the occurrence of events as a different form of reaction and expectation from capital market players towards these events and their future implications.

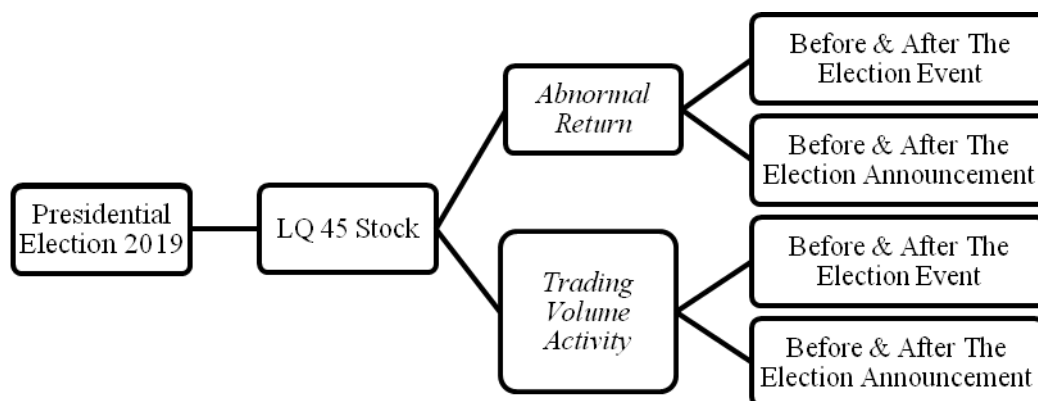


Figure 1 Conceptual Framework

Hypothesis

- H1a There is an abnormal return obtained by investors in the April 17, 2019 elections.
- H1b There is an abnormal return obtained by investors in the Election Announcement on May 21, 2019.
- H2a There are differences in the average abnormal return before and after the April 17, 2019 elections.
- H2b There is a difference in the average abnormal return before and after the May 21 2019 Election Results.
- H3a There is a difference in average trading volume activity before and after the April 17, 2019 elections.
- H3b There is a difference in the average trading volume activity before and after the Announcement of Election Results on 21 May 2019.

RESEARCH METHOD

This type of research is a comparative study which is a study that compares the existence of a variable or more on two or more different samples (Indintoro and Supomo, 2018). Test the

information content intended to see the market reaction of an event. If an event contains information, it is expected that the market will react when the event is received by the market. Event study in this study took the Election events in Indonesia, on April 17, 2019 and the announcement of election results on May 21, 2019. The data source used in this study is secondary data with external data types sourced from the Indonesia Stock Exchange. The research hypothesis testing is done by entering and analyzing the value of abnormal returns obtained by each share using the SPSS version 21 program.

The population in this study are all Issuers that have been listed as going public on the Indonesia Stock Exchange. Until the second quarter of 2019 companies going public whose shares are traded on the IDX amounted to 652 company shares (www.idx.co.id). Event study research will produce more accurate testing using daily return data and use of stocks included in LQ45 as a sample. The sample in this study is that Issuers are included in the LQ45

stock index in the LQ45 Index calculation for the February-July 2019 trading period, totaling 45 issuers in accordance with the provisions of the Indonesia Stock Exchange

Announcement No. Peng-00018 / BEI.OPP / 01-2019 dated January 18, 2019 (www.idx.co.id). The names of companies sampled can be seen in Table 1.

Table 1. Research Sampled

No.	Code	Stock	IPO	No.	Code	Stock	IPO
1.	ADHI	Adhi Karya (Persero) Tbk.	18 Mar 2004	24.	INTP	Indocement Tunggul Prakarsa Tbk.	05 Des 1989
2.	ADRO	Adaro Energy Tbk.	16 Jul 2008	25.	ITMG	Indo Tambangraya Megah Tbk.	18 Des 2007
3.	AKRA	AKR Corporindo Tbk.	03 Okt 1994	26.	JSMR	Jasa Marga (Persero) Tbk.	12 Nov 2007
4.	ANTM	Aneka Tambang Tbk.	27 Nov 1997	27.	KLBF	Kalbe Farma Tbk.	30 Jul 1991
5.	ASII	Astra International Tbk.	04 Apr 1990	28.	LPPF	Matahari Department Store Tbk.	10 Okt 1989
6.	BBCA	Bank Central Asia Tbk.	31 Mei 2000	29.	MEDC	Medco Energi Internasional Tbk.	12 Okt 1994
7.	BBNI	Bank Negara Indonesia (Persero) Tbk.	25 Nov 1996	30.	MNCN	Media Nusantara Citra Tbk.	22 Jun 2007
8.	BBRI	Bank Rakyat Indonesia (Persero) Tbk.	10 Nov 2003	31.	PGAS	Perusahaan Gas Negara (Persero) Tbk.	15 Des 2003
9.	BBTN	Bank Tabungan Negara (Persero) Tbk.	17 Des 2009	32.	PTBA	Bukit Asam Tbk.	23 Des 2002
10.	BMRI	Bank Mandiri (Persero) Tbk.	14 Jul 2003	33.	PTPP	PP (Persero) Tbk.	09 Feb 2010
11.	BRPT	Barito Pacific Tbk.	01 Okt 1993	34.	PWON	Pakuwon Jati Tbk.	09 Okt 1989
12.	BSDE	Bumi Serpong Damai Tbk.	06 Jun 2008	35.	SCMA	Surya Citra Media Tbk.	16 Jul 2002
13.	CPIN	Charoen Pokphand Indonesia Tbk	18 Mar 1991	36.	SMGR	Semen Indonesia (Persero) Tbk.	08 Jul 1991
14.	ELSA	Elnusa Tbk.	06 Feb 2008	37.	SRIL	Sri Rejeki Isman Tbk.	17 Jun 2013
15.	ERAA	Erajaya Swasembada Tbk.	14 Des 2011	38.	TKIM	Pabrik Kertas Tjiwi Kimia Tbk.	03 Apr 1990
16.	EXCL	XL Axiata Tbk.	29 Sep 2005	39.	TLKM	Telekomunikasi Indonesia (Persero) Tbk.	14 Nov 1995
17.	GGRM	Gudang Garam Tbk.	27 Ags 1990	40.	TPIA	Chandra Asri Petrochemical Tbk.	24 Jun 1996
18.	HMSP	H.M. Sampoerna Tbk.	15 Ags 1990	41.	UNTR	United Tractors Tbk.	19 Sep 1989
19.	ICBP	Indofood CBP Sukses Makmur Tbk.	07 Okt 2010	42.	UNVR	Unilever Indonesia Tbk.	11 Jan 1982
20.	INCO	Vale Indonesia Tbk.	16 Mei 1990	43.	WIKA	Wijaya Karya (Persero) Tbk.	29 Okt 2007
21.	INDF	Indofood Sukses Makmur Tbk.	14 Jul 1994	44.	WSBP	Waskita Beton Precast Tbk.	20 Sep 2016
22.	INDY	Indika Energy Tbk.	11 Jun 2008	45.	WSKT	Waskita Karya (Persero) Tbk.	19 Des 2012
23.	INKP	Indah Kiat Pulp & Paper Tbk.	16 Jul 1990				

This study took the Election study event in Indonesia with two sessions, namely the Implementation of Elections and the Announcement of Election results, therefore the observation period in this study consisted of 2 periods, as follows:

- 1. Election Implementation (17 April 2019);** Event period for 11 days, consisting of t-5 (10 April 2019), t0 (17 April 2019), t + 5 (25 April 2019).
- 2. Announcement of Voting Results (21 May 2019);** Event Period for 11 days, consisting of t-5 (May 14, 2019), t0 (May 21, 2019), up to t + 5 (May 28, 2019).

Every event-day during the 2019 election (election day, t0), stock exchange activities on the IDX are canceled (holiday), so the event-day in this study is postponed until the next exchange day (earliest bourse after event day)

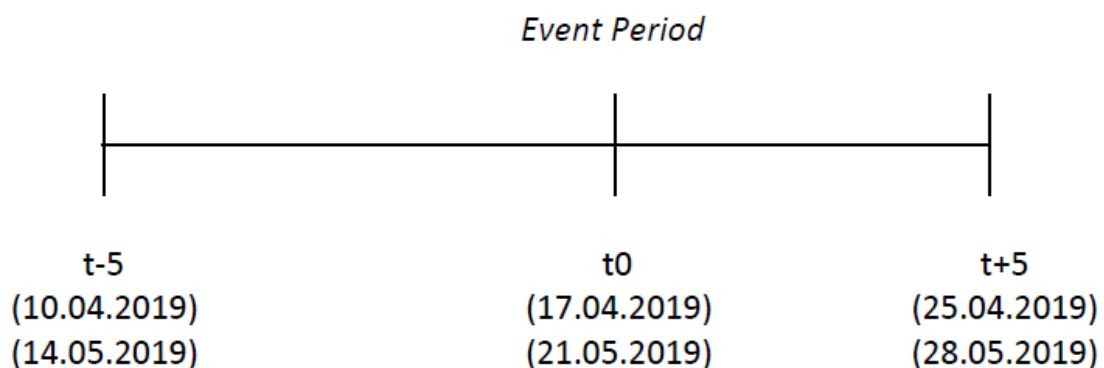


Figure 2. Research time period at IDX
Source: data processed, 2019

The use of the period before and after the event by Jogyanto (2003), stated that the determination of the duration of the event period depends on the type of event. If the event that occurs is an event whose economic value can be easily determined by investors, the period of the event used can be short. For events whose economic value is difficult to determine by investors and investors need a long time to react, then the event period becomes long.

RESULT AND DISCUSSION

Shares used as samples in this study are stocks that are included in LQ 45 for 1

semester covering 2 observation periods. The stocks that meet the requirements for research samples are 45 shares. The variables needed in this study consist of stock returns and market returns, abnormal returns, trading volume, and TVA. Stock returns are obtained from the daily closing price of shares and market returns are obtained from the daily closing LQ45 index, while for the calculation of abnormal returns using data from stock returns and daily market returns. TVA calculation is done by comparing the daily trading volume of shares with the total shares outstanding (listed shared).

Table 2: Descriptive Statistics Results

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
Abnormal Return Election Implementation	450	-.360061359	.465008571	.012521905	.125614648
Abnormal Return Announcement of Voting Results	450	-.52341	.163618	-.01691	.117389
TVA Election Implementation	450	.000094987	.027783072	.002083717	.003246428
TVA Announcement of Voting Results	450	.00006599	.021226	.001857	.00253
Valid N (listwise)					

Source: Data processed, 2019

1. In the Abnormal Return variable the election implementation has a minimum value of -0.360061 obtained by MNCN on April 22, 2019, a maximum value of 0.46509 obtained by CPIN on April 15, 2019, an average value of -0.1252, and a standard deviation of 0.12561 with 450 observations.
2. In the TVA variable the implementation of the election has a minimum value of 0,0009487 obtained by INKP on April 23, 2019, a maximum value of 0.27783 obtained by ERRA on April 24, 2019, an average value of 0.002083, and a standard deviation of 0.0032462 with 450 observations.
3. In the Abnormal Return variable the election announcement period has a minimum value of -0.5234 obtained by MNCN on May 16, 2019, a maximum value of 0.163618 obtained by CPIN on May 20, 2019 average value (mean) of -0.01691, and a standard deviation of 0.117389 with 450 observations.
4. In the TVA variable the election announcement period has a minimum value of 0.006599 obtained by the TPIA

on May 23, 2019, a maximum value of 0.021226 obtained by SRIL on May 21, 2019 and a standard deviation of .001857 with a total of 450 observations.

Normality test

Normality test is done with the aim to assess the distribution of data in a group of data or variables, whether or not normally distributed. In this study, the testing technique used was Kolmogorov-Smirnov.

a. Abnormal Return

Sig value in the Kolmogorov-Simonov test on Abnormal Return before the implementation of the election $0,000 < 0.05$ (α), it can be said that the data is not normally distributed, while after the election $0.000 < 0.05$ (α), this shows that the residual data is not normally distributed. In the Abnormal Return variable before the announcement of the election has a sig value of $0,000 < 0.05$ (α), and after the announcement of the election has a sig value of $0,000 < 0.05$ (α) it can be said that the data is not normally distributed. Thus, because the Abnormal Return variable data is not normally distributed, then for further

testing a non-parametric test is performed using Chi-Square and Wilcoxon Signed Rank Test.

b. Trading Volume Activity (TVA)

Sig value in the Kolmogorov-Simonov test on TVA before the election $0.000 < 0.05 (\alpha)$, it can be said that the data is not normally distributed whereas after the election $0.000 < 0.05 (\alpha)$, this shows that the residual data is not normally distributed. In the TVA variable before the announcement of the election has a sig value of $0,000 < 0.05 (\alpha)$, and after the announcement of the election has a sig value of $0,000 < 0.05 (\alpha)$ it can be said that the data is not normally distributed. Thus due to the TVA variable data is not

normally distributed, then for further testing a non-parametric test is performed using the Wilcoxon Signed Rank Test.

Hypothesis 1 Test

Due to the results of the normality test, the data is not normally distributed, so testing Hypothesis 1 uses a non-parametric test that is by using the Chi-Square Test. Decision making of this method is to look at the comparison of the significance value with the value of α . If the significance value $< \alpha$ value then the hypothesis H_0 is accepted while if the significance value $> \alpha$ value then Hypothesis 1 is rejected.

Table 3 Summary Results of the Chi-Square Test

Variable	Chi-Square	Likelihood Ratio
Average Abnormal Return for Election Implementation	752.158	0,000
Average Abnormal Return for Election Results Announcement	712,056	0,000

With the number of observations (n) = 450, df (degree of freedom / degree of freedom) = 427, with a significance level (α) = 0.05, the Chi-Square Table is obtained 476,177 in Abnormal Return of Election Execution, while in Abnormal Return Announcement Election results with the number of observations (n) = 450, df (degree of freedom / degree of freedom) = 442, with a significance level (α) = 0.05, the Chi-Square Table is 492,015.

Analysis of abnormal returns obtained by investors around the Election Implementation 2019 (Hypothesis 1a)

In Abnormal Return Election Implementation has a calculated Chi-Square value of $752,158 > 476,177$ and a Likelihood Ratio value of $0,000 < \alpha (0.05)$, then Hypothesis 1a is accepted, meaning there is an abnormal return obtained by investors around the election implementation event.

Analysis of abnormal returns obtained by investors around the Election Announcement 2019 (Hypothesis 1b)

In Abnormal Return, Election Results Announcement has a calculated Chi-Square value of $712,056 > 492,015$ and a Likelihood Ratio value of $0,000 < \alpha (0.05)$, then Hypothesis 1b is accepted, meaning that there are abnormal returns obtained by investors at the time of the election announcement.

Hypothesis 2 Test

Hypothesis 2 testing is performed using the Wilcoxon Signed Rank Test. Decision making from this method is to look at the comparison of the significance value with an α value of 0.05. If the significance value $< \alpha$ value of 0.05 then Hypothesis 2 is accepted, whereas if the significance value $>$ of the α value of 0.05 then Hypothesis 2 is rejected.

Table 4 Summary Results of the Wilcoxon Signed Rank Test Abnormal Return

Test Statistics		
	Rata-rata Abnormal Return Sesudah Pelaksanaan Pemilu - Rata-rata Abnormal Return Sebelum Pelaksanaan Pemilu	Rata-rata Abnormal Return Sesudah Pengumuman Pemilu - Rata-rata Abnormal Return Sebelum Pengumuman Pemilu
Z	-.135b	-19.44c
Asymp. Sig. (2-tailed)	.893	.001
a. Wilcoxon Signed Ranks Test		
b. Based on positive ranks.		
c. Based on negative ranks.		

Analysis of the Difference in Average Abnormal Returns before and after Election (Hypothesis 2a)

On the average Abnormal Return before and after the election is obtained Asymp value. Sig (2-tailed) $0.893 > 0.05 (\alpha)$, this shows that there is no significant average difference in Abnormal Return before and after the election, it can be concluded that Hypothesis 2a is rejected.

Analysis of the Difference in Average Abnormal Return before and after the Announcement of Election Results (Hypothesis 2b)

On the Abnormal Return Average before and after the election announcement the Asymp value is obtained. Sig (2-tailed) $0.002 < 0.001 (\alpha)$, this shows that there are significant mean differences in Abnormal Returns before and after the election announcement. It can be concluded that Hypothesis 2b is accepted.

Hypothesis 3Test

The hypothesis 3a states that there is a difference in the average trading volume activity before and after the Election on

April 17, 2019 and the hypothesis 3b states that there is a difference in the average trading volume activity before and after the Announcement of the 21 May 2019 Election Results. Hypothesis 3 Testing is carried out using the Wilcoxon Signed Test Rank Test. Decision making from this method is to look at the comparison of the significance value with an α value of 0.05. If the significance value $< \alpha$ value of 0.05 then Hypothesis 3 is accepted, whereas if the significance value $>$ of the α value of 0.05 then Hypothesis 3 is rejected.

The Wilcoxon Signed Rank-Test test results on TVA before and after the election were obtained Asymp values. Sig (2-tailed) $0,000 < 0.05 (\alpha)$, this shows that there are significant differences in the average TVA before and after the election. But the test results are different from the announcement period for the election results. On the TVA average before and after the election announcement the Asymp score was obtained. Sig (2-tailed) $0.345 > 0.05 (\alpha)$, this shows that there is no significant difference in TVA before and after the election announcement.

**Table 5 Summary Results of the Wilcoxon Signed Rank Test
TVA average**

Test Statistics ^a		TVA Average After Election Implementation - TVA Average Before Election Implementation	TVA Average After Election Announcement - TVA Average Before Election Announcement
Z		-.24.28c	-.944b
Asymp. Sig. (2-tailed)		.000	.345
a. Wilcoxon Signed Ranks Test			
b. Based on positive ranks.			
c. Based on negative ranks.			

Analysis of the Difference in Average Trading Volume Activity (TVA) before and after the Election (Hypothesis 3a)

In the results of hypothesis testing on TVA, it shows that there was an increase in TVA in 45 samples of LQ45 companies listed on the Indonesia Stock Exchange after and before the election. The results can be seen from the descriptive analysis where the mean value of the TVA before the election is 0.0017 and after the election has

increased to 0.0020. This shows an increase of 0,0003. TVA is experiencing an increase, meaning that after the election has a positive impact on the company because this will increase the frequency of trade. This indicates that investors provide quick feedback on the information received or investors consider that the election event is good news, so that there are significant differences before and after the election.

From the Wilcoxon Signed Rank Test hypothesis on TVA before and after the election, Asymp values were obtained. Sig (2-tailed) $0,000 < 0.05 (\alpha)$, this shows that there are significant differences in TVA before and after the election.

Analysis of the Difference in Average Trading Volume Activity (TVA) before and after the Election Announcement (Hypothesis 3b)

In the results of hypothesis testing on TVA, it shows that there was a decrease in the average TVA in 45 samples of LQ45 companies listed on the Indonesia Stock Exchange after and before the election announcement. In TVA before and after the election announcement the Asymp score was obtained. Sig (2-tailed) $0.345 > 0.05 (\alpha)$, this shows that there is no significant difference in TVA before and after the election announcement.

CONCLUSION

1. Stages of The Election 2019 provide abnormal returns for investors. Both the Election Implementation and the Election Announcement.
2. Indonesia Stock Exchange (IDX) as half-strong capital market, because the capital market's reaction through abnormal returns received by investors around the Election 2019 events, shows the speed of the market in absorbing information received.
3. There is no significant difference in the average Abnormal Return before and after the Election. However, there are significant differences in the difference in average Abnormal Returns before and after the election announcement.
4. The average stock trading volume activity between before and after the Election is different. While the average stock trading volume activity between before and after the election announcement did not have a significant difference.

5. The results of this study indicate that the capital market reacts to the Election 2019 events.

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