

ABSTRACT

Russia's invasion of Ukraine on February 24, 2022 threw the global economy into even more turmoil. The United States condemned Russia's invasion of Ukraine and imposed economic sanctions and a crude oil embargo by European Union countries and the United States. This condition certainly has an impact on the stability of energy sector companies on the stock exchanges of developed and developing countries, including on the Indonesia Stock Exchange, marked by the formation of an increasing trend of energy sector stock index prices after the war between Russia and Ukraine. This indicates that a market reacts to events around it to reach a new equilibrium price in accordance with the concept of market efficiency.

The purpose of this study was to analyze the reaction of the capital market to the events of the war in Russia and Ukraine using abnormal returns and trading volume activity in the capital market. The object of this study is an energy sector company listed on the Indonesian Stock Exchange with a research period of 11 days, consisting of 5 days before, 1 day when the incident occurred, and 5 days after the Russian and Ukrainian wars occurred on Thursday, 24 February 2022. The method used in this research is an event study using the Wilcoxon Signed Rank Test. The samples obtained were 61 companies using purposive sampling as the sampling technique.

The results of this study indicate that there are significant differences in abnormal returns before and after the Russian and Ukrainian wars, and there are significant differences in trading volume activity before and after the Russian and Ukrainian wars in shares of energy sector companies listed on the Indonesia Stock Exchange.

For future researchers, it is hoped that they can take other announcement events that have the potential to affect the capital market, add variables, abnormal return calculation models, and other research objects, as well as increase the research period. Investors are advised to pay attention to various information regarding economic and non-economic events to maximize profits, adjust their analysis techniques and investment strategies using both technical and fundamental analysis.

Keywords: *event study, abnormal return, trading volume activity*