

ABSTRACT

Market reaction is a reaction that occurs from activities in the capital market. Market reaction can be seen from the changes that occur at the price of the securities of the company concerned. A favorable reaction can be seen with an increase in security prices while an unfavorable reaction can be seen in the information on the decline in security prices. The absence of price changes at the time of information release means that there is no reaction to information.

The independent variables in this study are leverage, managerial ownership and activity ratio. The dependent variable in this study is the market reaction. This study aims to analyze the effect of leverage, managerial ownership and activity ratio on market reactions in food and beverage sub-sector manufacturing companies listed on the Indonesia Stock Exchange.

The population in this study were food and beverage companies listed on the Indonesia Stock Exchange in 2014-2018. The sample selection technique used purposive sampling and obtained 15 companies with observations for five years so that 75 samples were observed. The analysis technique used in this study is panel data regression analysis using the Eviews 9.0 application.

Based on the results of the study, leverage, managerial ownership and the ratio of activity have an effect on the market reaction. Partially, the activity ratio has a positive effect on market reaction. While leverage and managerial ownership have no effect on market reaction.

Further researchers are advised to be able to use other variables that are considered to have an influence on market reactions and further research is recommended to conduct research based on the sector or subsector of the company. The limitation in this study is that there are still few previous research sources that examine market reactions.

Keywords: *Activity ratio, leverage, managerial ownership, market reaction*