

ABSTRACT

The capital market in Indonesia is induced by many factors, for instance political activity. It is expected to impart ambiguity in the capital market. The investors is needed to know the impact of political activities in the capital market in order to avoid investment risks and to acquire maximum income. The presidential and vice presidential elections are held every five years in Indonesia as we accomplished in 2019. The selection process is divided into several stages such as campaign, debates, voting, and inauguration.

In this study, the researcher denoted the presidential debate as the focus study. It could involve the capital market condition due to the dissimilar theme in the content of debate. Thus, it produced more information that would be received by investors.

The intended aim of this study was to examine the content of the information on before and after of the first to fifth debates by using the abnormal return and bid-ask spread variable. The researcher utilized the LQ45 index's stocks of the August 2018 - January 2019 period and the February - July 2019 period as the sample of study. The purposive sampling was employed as the sampling technique. Then, the sample of 40 companies was attained. Furthermore, the event study was applied as the research method.

The results imparted that there were no significant differences on abnormal return variable in the first, second, fourth and fifth debate but there was a significant difference in the third debate. Moreover, there were no significant differences in the first to fifth debate for the bid-ask spread variable.

Derived from the results in this study, investors could focus on issues which connected to education, health, employment, sosial and culture as a contemplation in making investment decisions. Additionally, investors was essential to pay attention to risks that could not be eliminated so that it could be managed to minimize losses.

Keywords: Capital Market, Event Study, Abnormal Return, Bid-Ask Spread