

ABSTRACT

Political events can be a factor that can influence market reactions in the stock exchange, because political events are closely related to a country's economy. One of them is the action announcement which states the Job Creation Bills which is a type of information or event that is published and can be used to see market reactions by looking at differences in returns and to see the effect on stock movements as a result of information affecting stock trading activities which is assessed by trading volume activity.

The purpose of this study was to determine whether there were differences in abnormal returns and trading volume activity before and after the announcement of the demonstration against the Job Creation Bills. This study uses an event study approach with a research sample with a specific time, namely 5 days before the event and 5 days after the event. The study population was 45 companies listed on the Indonesia Stock Exchange (IDX) in the LQ45 index for the period August 2020 - January 2021 by purposive sampling.

The results show that there is no difference in abnormal returns on the LQ-45 stock index before and after the announcement of the Job Creation Bills. This means that the event does not contain information that can be absorbed by investors. The result is the same as the trading volume activity, which shows that there is no difference in trading volume activity before and after the announcement of the action on the Job Creation Bills. This means that investors do not consider the announcement of the action, this Job Creation Bills will have an influence on stock trading activities.

Keywords: *capital market, demonstration action, abnormal return, trading volume activity, event study*