

ABSTRACT

The outbreak of the Covid-19 Pandemic has had an impact on various sectors in Indonesia, one of which is the economic sector, especially the capital market, marked by the weakening of the Composite Stock Price Index (JCI) which is believed to be the impact of the announcement of the determination of Covid-19 as a National Disaster on March 14, 2020. The weakening of the JCI signals that a market is reacting to surrounding events to achieve a new equilibrium price according to the concept of market efficiency. However, there are a number of studies that have found deviations from the efficient market hypothesis, one of which is the size effect anomaly.

The purpose of this study is to analyze the reaction of the capital market to the announcement of the determination of Covid-19 as a National Disaster using abnormal returns and trading volume activity, as well as test the anomaly of size effect on the capital market. The object of this study is a hotel, resort, and cruise ship sub-industry company listed on the Indonesia Stock Exchange with a research period of 10 days, consisting of 5 days before and 5 days after the announcement of the determination of Covid-19 as a National Disaster on Saturday, March 14, 2020. The method used in this study was an event study using the Wilcoxon Signed Rank Test and an independent sample t-test. The samples obtained were as many as 13 companies using purposive sampling as a sampling technique.

The results of this study show that there are significant differences in abnormal returns before and after the announcement of the determination of Covid-19 as a National Disaster in the shares of hotel, resort, and cruise ship sub-industry companies. However, there was no difference in trading volume activity before and after the announcement of the designation of Covid-19 as a National Disaster on the shares of hotel, resort and cruise ship sub-industry companies. There was also no significant difference in the abnormal returns of large-size stock portfolios compared to small-size stock portfolios before and after the announcement of the designation of Covid-19 as a National Disaster in the shares of hotel, resort and cruise ship sub-industry companies.

Furthermore, researchers are expected to be able to take the agenda of other announcements that have the potential to affect the capital market, add variables, test anomalies, abnormal return calculation models, and other research objects, and increase the research period. Investors are advised to pay attention to various information about economic and noneconomic events, adjust their analytical techniques and investment strategies using technical and fundamental analysis.

Keyword: event study, abnormal return, trading volume activity, size effect