

ABSTRACT

This study aims to determine how the Indonesian capital market reacts to geopolitical events that occurred between Russia and Ukraine by observing stock price movements and the number of shares traded. The capital market is said to react if there is an abnormal return around the time of the event.

Geopolitical events can be one of the factors that can affect the capital market, because geopolitical events that occur in one country can have an impact on other countries. The conflict between Russia and Ukraine that occurred on February 24, 2022, seems to have a global impact, including Indonesia. The occurrence of this conflict is considered negative for the Indonesian capital market, because it caused a decline in the JCI by 1.48%.

This study uses an Event Study approach using abnormal return indicators and trading volume activity (TVA) with an observation period of 11 days. The type of research used is a quantitative research method with the object of research, namely stocks indexed LQ45 on the IDX.

Keywords: Capital Market, Event Study, Market Reaction, Abnormal Return, Trading Volume Activity