ABSTRACT

The year 2023 marked a significant political period in Indonesia, characterized by a series of electoral processes. It commenced with the announcement of presidential and vice-presidential candidate pairs. With the unveiling of which candidates had met the requirements and stood a chance to be elected as president and vice president, the public could analyze the characteristics and policies each candidate might implement. The information contained in these announcements could potentially impact the state of the capital market. Hence, this study aimed to understand the capital market's response to the announcement of presidential and vice-presidential candidate pairs for the 2024 Indonesian general election, focusing on a case study of the LQ45 index companies.

Applying the event study method, this research analyzed the market's response through a comparison of abnormal return indicators and trading volume activity before and after the announcement. The observation period spanned 5 days before, 5 days after, and 1 day when the phenomenon occurred. Forty samples were selected from the total population of 45 members using purposive sampling techniques. The research data source was secondary.

The findings revealed that the announcement of presidential and vice-presidential candidate pairs resulted in differences in stock trading volume. However, it did not lead to differences in abnormal returns between the two periods before and after the announcement in the LQ45 index companies.

Both the average abnormal return and average trading volume activity experienced a decrease after the announcement of the presidential and vice-presidential candidate pairs. This indicates that investors perceived the information contained in the announcement as predominantly negative. Investors made decisions to avoid potential losses based on this perception..

Keywords: event study, stock market reaction, announcement of presidential and vice-presidential candidates, LQ45 index, abnormal return, trading volume activity