

INDONESIAN CAPITAL MARKET REACTION TO THE 2024 PRESIDENTIAL ELECTION (A Study on the LQ45 Index at the Indonesia Stock Exchange)

I Ketut Yoga Pradnyana Putra¹, I Gde Kajeng Baskara²

¹ Faculty of economics and business, Udayana University;
e-mail : yogapradnyana@gmail.com

² Faculty of economics and business, Udayana University;
e-mail: kajengbaskara@unud.ac.id

* Corresponding English Author : I Ketut Yoga Pradnyana Putra

Abstract: The reaction of the capital market reflects how market participants respond to specific information or events, making it a crucial aspect for investors when formulating appropriate investment strategies. The presidential election is a political event that can create uncertainty and influence investors' decision-making. This study aims to analyze the reaction of the capital market to the 2024 Presidential Election (Pilpres) in Indonesia. Presidential elections are political events that can trigger uncertainty and influence investors' decision-making. This research employs an event study method with a six-day observation window: three days before and three days after the election date. The sample consists of stocks listed in the LQ45 Index on the Indonesia Stock Exchange, selected using purposive sampling. Expected returns are calculated using the mean-adjusted model, while the hypothesis is tested using the Wilcoxon Signed Rank Test. The findings reveal no significant difference in cumulative abnormal returns (CAR) before and after the 2024 Presidential Election. However, a significant difference is found in the average trading volume activity (TVA). These results suggest that the 2024 Presidential Election conveyed information deemed relevant by market participants, leading to increased trading activity. Nonetheless, the absence of significant price movement implies that the market had efficiently anticipated the political event, with the impact more reflected in trading intensity rather than stock valuation.

Keywords: Event Study, Abnormal Return, Trading Volume Activity, 2024 Indonesian Presidential Election

INTRODUCTION

The capital market plays a crucial role in national development, serving both as a source of funding for the economy and as an investment vehicle for the public. Investment in the capital market can be conducted directly by purchasing financial assets traded on the exchange. Interactions between buyers and sellers in the capital market are characterized by liquidity and efficiency. A market is considered liquid when stock transactions occur rapidly, while efficiency is achieved when stock prices accurately reflect the intrinsic value of the companies (Hartono, 2017:30). Investors aim to obtain maximum returns with minimal risk. Generally, there is a

linear and direct relationship between return and risk in investment, implying that the higher the desired return, the greater the associated risk (Tandelilin, 2021:10).

To mitigate investment risk in the capital market, investors rely on internal and external information related to issuers. Internal information typically includes stock splits, financial statement publications, dividend distributions, and other company-specific factors. External information may involve interest rates, inflation levels, tax policies, and political events. Understanding both types of information is essential for investors when making informed investment decisions.

The concept of market efficiency is closely related to how information is processed in determining security prices. A market is deemed efficient when the prices of all traded securities reflect all available information. This information may include historical data (e.g., company earnings records), current updates (e.g., this year's planned dividend increases), and rational public opinions or sentiments that may influence price changes. In practice, markets do not always react ideally to new information. At times, the market may overreact or underreact, causing prices to deviate from their intrinsic values (Tandelilin, 2017:224). Hartono (2014) states that public information announcements provide cues or signals for investors to make investment decisions (Dewi et al., 2017). These signals refer to events or news that influence market conditions and provoke investor reactions, leading to market responses.

Market efficiency can be analyzed using an event study approach. Event studies are a key methodology for examining how markets respond to information from announcements or specific events. This approach is integral to the efficient market hypothesis as proposed by Fama (1991). The information conveyed through an event can be either positive or negative, which in turn may trigger a market response (Tandelilin, 2017:570). Event studies involve theory testing, abnormal return analysis, and evaluating market reactions to specific occurrences (Tandelilin, 2017:674).

One type of external information that significantly impacts the capital market is political events. Political decisions often carry direct implications for economic policies, business regulations, and investment stability—factors that are critical in shaping market sentiment. Changes in leadership or government policies can influence investor expectations regarding a country's economic outlook. Political uncertainty or inconsistent policies can heighten perceived risks, thereby affecting investment decisions and capital market movements (Saraswati & Mustanda, 2018).

The relationship between political events and the capital market has been highlighted in previous studies. Setiawan et al. (1998) noted that political events affect the capital market, especially when the market plays a significant role in a country's economic growth (Dewi & Wiksuana, 2022). Political stability supports investment growth and market fluctuations (Kemuning et al., 2021). When political stability is accompanied by sound economic conditions and investor-friendly policies, investors tend to respond positively by increasing their investment activity. This, in turn, enhances market liquidity and stock index growth, reflecting optimism among market participants regarding the country's economic prospects. In Indonesia, political events such as presidential and legislative elections, international conflicts, civil unrest, and other political occurrences significantly influence stock prices and trading volumes, thereby becoming key considerations for investors.

Among these, the presidential election (Pilpres) is one of the most influential political events, with both national and international ramifications. The character of the declared winning candidate becomes a benchmark for investor sentiment. Leadership qualities such as vision, track record, and past achievements are factors that investors consider when deciding whether to invest in specific issuers (Akbar et al., 2019).

This study examines the relationship between the capital market and political events in Indonesia, with a focus on the quick count results of the 2024 presidential election. Quick count results are often used as early indicators of the final election outcome. Conducted in a democratic system, Indonesia's presidential election is a major political event with considerable implications for future economic policies. The 2024 election was highly anticipated as it determined national leadership for the upcoming term, influencing economic policy directions for years to come. Potential policy impacts from the newly elected president are a critical consideration for investors allocating capital in the market. These policies could either support or hinder businesses and are thus highly relevant for investment decisions, especially regarding tax regimes that affect company performance. Optimistic economic projections tend to attract investors to the stock market, while uncertainty often leads to capital withdrawal (Kemuning et al., 2021).

This study utilizes the LQ45 Index during the February to July 2024 period, as published on January 31, 2024, to assess market reactions to the presidential election. The LQ45 Index reflects the performance of high-quality stocks with high liquidity, large market capitalization, and strong fundamentals, having passed specific selection criteria (Tandelilin, 2017:95). The selection of LQ45 stocks also

accounts for trading activity to minimize bias from infrequently traded "sleeping stocks." Given their liquidity and trading volume, LQ45 stocks are frequently used as a primary benchmark for understanding capital market dynamics in Indonesia.

The 2024 presidential election, held on Wednesday, February 14, featured three candidate pairs: Anies Baswedan – Muhaimin Iskandar (01), Prabowo Subianto – Gibran Rakabuming (02), and Ganjar Pranowo – Mahfud MD (03). Quick count results from various media sources indicated a first-round victory for candidate pair 02, Prabowo Subianto – Gibran Rakabuming. The market responded with a 1.53% increase in the LQ45 Index to 1003.32 on February 15, 2024. This movement suggests that the 2024 presidential election had a potential impact on the LQ45 Index, highlighting the need for further quantitative analysis to understand the political event's effect, as political factors are inherently difficult to measure directly.

Several studies examining the direct relationship between political events and the Indonesian capital market have yielded mixed results. For instance, Indriani & Mariana (2021) analyzed market reactions to differences in abnormal return, trading volume activity, and return variability before and after the enactment of the Omnibus Law on October 5, 2020. Their findings revealed significant differences in abnormal return and return variability but not in trading volume activity. Saraswati & Mustanda (2018) studied the impact of the 2016 U.S. presidential election and inauguration on Indonesia's capital market, observing market reactions around those events. Similarly, Dewi & Wiksuana (2022) found significant market reactions in Indonesia and the Philippines during the 2020 U.S. presidential election but no abnormal return difference before and after Joe Biden's victory announcement.

Nida et al. (2020) examined abnormal return and trading volume differences around the 2019 Indonesian presidential election and found no significant difference in either metric. Research by Yudiawan & Abundanti (2020) and Pratama et al. (2020) also found no significant abnormal return differences before and after the 2019 election or the official announcement by the KPU and Constitutional Court. However, a study by Kemuning et al. (2021) identified significant information absorption by investors during the announcement of the 2019 president and vice president but not during the announcement of the cabinet lineup.

These varied findings highlight a research gap that justifies a renewed investigation into market reactions to non-economic events, specifically the 2024 presidential election. This study aims to determine whether external political information can directly influence the capital market. The primary goal is to anticipate market responses to potential stock price fluctuations following the quick count announcement. This research uses abnormal return and trading volume

activity before and after the presidential election on companies listed in the LQ45 Index, which are known for their liquidity, market capitalization, and role as a benchmark for stock price movements in Indonesia (Rosyida et al., 2020).

METHOD

This study adopts a quantitative approach to examine market reactions to the 2024 presidential election by analyzing abnormal returns and trading volumes of companies listed in the LQ45 Index. The quantitative method enables objective and systematic measurement of the observed phenomena and facilitates hypothesis testing using statistically analyzed numerical data (Sugiyono, 2018). The research was conducted on the Indonesia Stock Exchange (IDX), focusing on LQ45 stocks from February to July 2024, given their high liquidity, large market capitalization, and function as primary market indicators (Tandelilin, 2017).

The object of this research is the market reaction measured by changes in abnormal returns and trading volume activity (TVA) occurring within a six-trading-day window ($t-3$ to $t+3$), excluding the election day, which was a market holiday. Expected returns were calculated using the mean-adjusted model, assuming that the expected return equals the average actual return over the 100-day estimation period prior to the event (Hartono, 2017). Abnormal return is the difference between actual and expected return, while cumulative abnormal return (CAR) and TVA assess stock trading activity changes as a response to the political event (Tandelilin, 2021).

The study population consists of all 45 companies listed in the LQ45 Index for the February–July 2024 period. The sample was selected through purposive sampling based on the criterion that companies did not undertake any corporate actions during the observation period. Secondary data were obtained from the official IDX website and Investing.com and were collected through documentation and literature review. Data analysis included descriptive statistics, normality testing (Kolmogorov-Smirnov), and hypothesis testing using either the Paired Sample t-test or Wilcoxon Signed Rank Test, depending on the data distribution. The analysis aimed to determine whether there were significant differences in abnormal returns and trading volumes before and after the 2024 presidential election (Ghozali, 2018; Sugiyono, 2017).

RESULTS AND DISCUSSION

Descriptive Statistics Results

Table 1. Descriptive Statistics Results of Cumulative Abnormal Return and Trading Volume Activity Before and After the Event

	N	Minimum	Maximum	Mean	Std. Deviation
CAR Before	45	-.14000	.11710	.0028733	.04038128
CAR After	45	-.13080	.13910	.0034911	.04131288
TVA Before	45	,00029	,10339	,0044940	,01679095
TVA After	45	,00031	,14939	,0059711	,02332045
Valid N (listwise)	45				

Source: Processed data, 2025

Table 1 explains the minimum, maximum, average, and standard deviation values between before and after the 2024 Indonesian Presidential Election. Based on Table 1, it is known that the cumulative abnormal return (CAR) value in the period before the event shows an average of 0.0028733 with a standard deviation of 0.04038128. The lowest CAR value before the event is -0.14000, while the highest value is 0.11710. The cumulative abnormal return (CAR) value after the event shows an average of 0.0034911 with a standard deviation of 0.04131288. The lowest CAR value after the event is -0.13080, while the highest value is 0.13910. In the trading volume activity (TVA) variable before the event, the TVA value is obtained with an average value of 0.0044940 with a standard deviation of 0.01679095. The lowest TVA value before the event was 0.00029, while the highest value reached 0.10339. TVA after the event obtained an average value of 0.0059711 with a standard deviation of 0.02332045. The lowest TVA value after the event was 0.00031, while the highest value reached 0.14939. The results of the descriptive statistical analysis showed that the average CAR before the event was 0.0028733, this value was smaller than the value after the 2024 Indonesian Presidential Election event of 0.0034911. In the TVA variable, the average value before the event was 0.0044940, this value was smaller than the value after the 2024 Indonesian Presidential Election event of 0.0059711. The results of this analysis indicate that there was an increase in the average cumulative abnormal return before and after the event, and there was an increase in the average TVA in the period before and after the event.

Normality Test

Table 2. Results of CAR and TVA Normality Test Before and After the 2024 Indonesian Presidential Election Event

Variables	Number (N)	Sig.	Criteria	Information	
CAR Before the Event	45	0.006	0.05	Not distributed normal	
CAR After the Event	45	0.020	0.05	Not distributed	normally
TVA Before the Event	45	0,000	0.05	Not distributed	normally
TVA After the Event	45	0,000	0.05	Not distributed	normally

Source: Processed data, 2025

Based on table 2, the Kolmogorov-Smirnov CAR significance value before the 2024 Presidential Election event is 0.006, which is below the significance limit of 0.05, this indicates that the CAR before the event is not normally distributed. The Kolmogorov-Smirnov significance value for the CAR after the event is 0.031, which is below 0.05, so it can be concluded that the CAR before and after the event are not normally distributed.

The Kolmogorov-Smirnov significance value for TVA before the 2024 Presidential Election event is 0.000, which is below the significance limit of 0.05, this indicates that TVA before the event is not normally distributed, while the Kolmogorov-Smirnov significance value for TVA after the 2024 Presidential Election event is 0.001, which is below the 0.05 criterion, so it can be concluded that TVA after the event is not normally distributed.

The results of the normality test show that the cumulative abnormal return (CAR) before and after the event, as well as the trading volume activity (TVA) before and after the event, are not normally distributed, so hypothesis testing will be carried out using a nonparametric statistical method, namely the Wilcoxon Signed-Rank Test.

Hypothesis Test Results

Hypothesis testing in this study was conducted using the Wilcoxon Signed-Rank Test because most of the cumulative abnormal return (CAR) and trading volume activity (TVA) data used in this study were not normally distributed. The hypothesis tested in this study aims to determine whether there is a significant difference in abnormal returns and trading volume activity before and after the 2024 Presidential Election.

Wilcoxon Signed Rank Test Results on Cumulative Abnormal Return of the 2024 Indonesian Presidential Election Event

Table 3. Wilcoxon Signed Rank Test Results on Cumulative Abnormal Return in the 2024 Indonesian Presidential Election Event

	CAR After Event - CAR Before Event
Z	-.113b
Asymp. Sig. (2-tailed)	.910

Source: Processed data, 2025(Attachment 10)

Hypothesis testing is carried out based on the following decision-making criteria:

(a) If Asymp sig. ≤ 0.05 then H1 is accepted

(b) If Asymp sig. ≥ 0.05 then H1 is rejected

H1: There is a significant difference in abnormal returns of LQ45 index shares before and after the 2024 presidential election.

Based on Table 3, the significance value for cumulative abnormal return (CAR) before and after the 2024 Indonesian Presidential Election is 0.910. This value is greater than the significance level of 5 percent or 0.05, so the H1 hypothesis is rejected. It can be concluded that there is no significant difference in CAR before and after the 2024 Indonesian Presidential Election or in other words, the Indonesian Presidential Election event that took place on February 14, 2024 did not have enough information content to influence abnormal returns in the market.

Wilcoxon Signed Rank Test Results on Trading Volume Activity of the 2024 Indonesian Presidential Election Event

Table 4. Results of the Wilcoxon Signed Rank Test on Trading Volume Activity in the 2024 Indonesian Presidential Election Event

	TVA After the Event - TVA Before the Event
Z	-4,351b
Asymp. Sig. (2-tailed)	0,000

Source: Processed data, 2025(Attachment 10)

Hypothesis testing is carried out based on the following decision-making criteria:

(c) If Asymp sig. ≤ 0.05 then H2 is accepted

(d) If Asymp sig. ≥ 0.05 then H2 is rejected.

H2: There is a significant difference in trading volume of LQ45 index shares before and after the 2024 presidential election.

Based on Table 4, the significance value of stock trading volume before and after the 2024 Indonesian Presidential Election event shows a value of 0.000. This value is smaller than the significance level of 5 percent or 0.05, so the H2 hypothesis is accepted. It can be concluded that there is a significant difference in stock trading volume before and after the 2024 Indonesian Presidential Election event or in other

words, the Indonesian Presidential Election event which took place on February 14, 2024 has sufficient information content to influence stock trading volume in the market.

Discussion

Abnormal Return Differences Before and After the 2024 Indonesian Presidential Election Event

This study aims to analyze the capital market reactions that occurred in the period before and after the 2024 Indonesian Presidential Election, using an event study approach. The observation period was carried out for six trading days, namely three days before and three days after the event took place. The researcher assumes that the 2024 Indonesian Presidential Election contains important information that is closely related to the national economic conditions, so that it has the potential to provide an impact or response from market players to movements in the Indonesian capital market.

Based on the results of the Wilcoxon Signed-Rank Test, it is known that there is no significant difference in the cumulative abnormal return (CAR) between the periods before and after the 2024 Indonesian Presidential Election, so it can be concluded that the hypothesis in this study is rejected. The test results indicate that information related to the 2024 Indonesian Presidential Election event has most likely been anticipated in advance by investors in the market, so that the information has a relatively small influence or limited impact on stock prices in the capital market during the six-day observation period around the date of the event.

The absence of significant differences in cumulative abnormal returns (CAR) before and after the 2024 Presidential Election can be explained by the high level of openness and dissemination of information related to the presidential election that has spread through various media channels, both print and digital. Information about the presidential and vice presidential candidate pairs, their campaign programs, and predictions of the presidential election results have been widely known by the public long before the voting day, as a result, the market does not experience information shocks because market players already have expectations regarding the course of the political process. This situation is in accordance with the principles contained in the semi-strong form of efficient market hypothesis, which states that stock prices have fully reflected all historical information and information that has been published openly, so that investors cannot consistently obtain abnormal returns by relying only on public information, because stock prices in the market have adjusted quickly, rationally, and efficiently to the available information. This phenomenon also shows that investors in the Indonesian capital market tend to wait and see in responding to strategic political developments, such as the presidential election. Investors tend to be more cautious in making investment decisions, considering the potential long-term impact on national

economic stability and overall political conditions. This cautious attitude results in minimal emotional or impulsive reactions from market players that can affect stock valuations or stock prices.

The findings in this study are in line with the results of previous studies that also examined non-economic events with similar variables, one of which is a study conducted by Nida et al. (2019). The study analyzed the differences in abnormal returns obtained by investors on the Indonesia Stock Exchange before and after the implementation of the 2019 Simultaneous Elections. The results of the study showed that there was no significant difference in the average abnormal return between the periods before and after the event, so it can be concluded that the 2019 Simultaneous Elections did not contain information that was strong enough to trigger a market reaction, so that the capital market did not show a significant response to the event.

Difference in Trading Volume Before and After the 2024 Indonesian Presidential Election Event

The research findings indicate that during the period before and after the 2024 Indonesian Presidential Election, the average value of trading volume activity (TVA) showed a positive number. This increase reflects an upward trend in the number of transactions that occurred over time around the period. Investor interest in the capital market appears to have grown both during and after the event.

The results of the Wilcoxon signed-rank test show a significant difference in trading volume activity (TVA) before and after the 2024 Indonesian Presidential Election, this finding indicates

that the hypothesis in this study is acceptable. The findings also show that information related to the 2024 Indonesian Presidential Election event in the six-day observation period around the day of the implementation was well received by capital market players. The information is considered to contain relevant value so that it can influence the behavior of players in the capital market.

One of the factors that contributed to the significant difference in trading volume activity (TVA) before and after the 2024 Indonesian Presidential Election was the emergence of political information that was considered important by market players. The presidential election triggered a market reaction in the form of changes in trading volume, this change could indicate a form of portfolio adjustment, either in the form of buying to welcome opportunities, or selling as a step to anticipate risks to expectations of election results. During this period, stock trading activity tended to increase as part of investors' strategy to take advantage of the event moment to gain short-term profits, including through profit-taking by selling stocks that had provided profits, or speculation on stock price movements, by buying stocks that were expected to experience price increases in the near future. Information from quick count institutions, although not yet official, is often

used as an initial reference by market players because it has proven to be quite accurate in previous elections. The dissemination of information through various media channels also accelerated market reactions, which was reflected in the significant difference in trading volume before and after the event. The significant difference shows that the market is actively responding to information, where market players carry out buying and selling transactions differently during the event window period compared to normal days.

Changes in stock transaction volume during the event window period compared to normal days are not fully followed by a pattern of stock price movements in the same direction, as seen in the results of the Cumulative Abnormal Return (CAR) test which is not significant, this condition describes market conditions where the intensity of transaction volume increases, but market players are not yet fully convinced or do not have certainty regarding the direction of market conditions or the economy as a whole, so that stock prices do not experience significant changes, this condition shows that the market response is more visible in the intensity of trading volume than changes in stock prices themselves. This finding reflects that the Indonesian capital market has semi-efficient characteristics, where public information quickly triggers a spike in trading volume, but its impact on stock prices is relatively low.

The findings in this study are in line with the results of a study conducted by Amalia & Santosa (2022) which proved that there was a difference in the average trading volume activity before and after the 2019 Election on the Jakarta Islamic Index 70. A similar study was also conducted by Permata & Ghoni (2021), which found a significant difference in stock trading volume before and after the 2019 Presidential Election. Another study by Prajianti et al. (2024) also supports these findings by proving that there was a difference in the average trading volume activity on IDXBUMN20 issuers before and after the 2024 Election.

Comparison of Significance Combination of Abnormal Return and Trading Volume Activity

Various research results related to market reactions to an event show various possible differences in the response of each price and volume variable. The results obtained from research variables are often different, reflecting variations in interpretation and market response to the conditions analyzed. These differences are the basis for compiling a comparative summary to see more clearly the patterns of relationships that emerge and how the context of each event affects market dynamics differently.

Table 4.Comparison of Significance Combination of Abnormal Return and Trading Volume

Situation		Interpretation	Researcher
Abnormal	Returnand	The market reacted strongly	Prihantini et al

Significant Trading Volume	across the board, the event had a significant impact on both prices and trading volumes.	(2021), Indrianti et al. (2020), Wibowo (2025)
Abnormal Return and Trading Volume is not Significant	The market did not respond meaningfully to the event, it was considered irrelevant by investors.	Kasanah & Mariana (2022), Arif & Sudjono (2021), Maswiguno & Yunita (2020)
Abnormal Return Significant and Insignificant Trading Volume	Stock prices move even though the number of transactions does not increase much because only a small number of investors are active.	(2019), Dewi & Rama (2019), Putri et al. (2020)
Abnormal Return Insignificant and Significant Trading Volume	Stock prices have not changed much, but buying and selling transactions have increased because investors are feeling uncertain or speculating.	Kirana & Sembel (2019), Ratnawati (2020), Muzzammil & Rizki (2020)

Source: Processed data, 2025

(a) Abnormal returnsignificant and significant trading volume

Significant changes in the abnormal return (AR) and trading volume activity (TVA) values during the event window indicate that the market responded to the event comprehensively, both in terms of stock price changes and trading activity. The significance of these two indicators reflects the presence of strong information that influences investor behavior in making investment decisions. The market reaction reflected in abnormal returns that are not normal as well as increased transaction activity indicates that information from the event is considered relevant and has an impact on the company's prospect expectations and market sentiment.

Research by Prihantini et al. (2019) supports this by stating that the market response to political election information creates stock price adjustments and changes in transaction volume. Indrianti et al. (2020) also found that the announcement of election victory triggered market optimism which was reflected in a significant increase in abnormal returns and TVA. Wibowo (2025) emphasized that the significant difference in CAR and TVA in the LQ-45 index reflects the market's real reaction to national political dynamics which have an impact on investor expectations regarding the direction of economic policy.

(b) Abnormal returnand trading volume is not significant

Abnormal returnand insignificant trading volume activity indicates that the market does not respond aggressively in terms of stock prices or transaction volume, this reflects that event information is not considered strong enough or

relevant by investors to influence investment decisions. Factors causing weak market reactions include the spread of previously occurring information, the dominance of investors who prioritize fundamental analysis and macroeconomic conditions, and the uncertainty and lack of surprises from the event.

Kazanah & Mariana's (2022) research revealed that there was no significant difference in AR and TVA because information had been widely disseminated so that the market had responded before the event occurred. The dominance of foreign investors who consider fundamental and global aspects also reduces sensitivity to political events. Arif & Sudjono (2021) complemented these findings by stating that the market experienced a delayed reaction because investors needed time to digest and verify information, so that abnormal returns and TVA did not show a significant increase. Maswiguno & Yunita (2020) added that the weakening economic conditions and the lack of surprises from the election quick count results kept the market stable without significant reactions in terms of stock prices or trading volume.

(c) Significant abnormal returns and insignificant trading volume

Significant abnormal return changes without being followed by significant changes in trading volume activity indicate that the market reaction to events is more reflected in changes in stock prices than in transaction activity, this condition can occur when some investors, especially institutional investors, make transactions in large volumes that are quite price-moving, but do not reflect broad participation from market players, while other investors choose to wait and see due to political uncertainty, so that trading volume remains low. The situation in this situation indicates that although information is considered relevant and influences market expectations, not all investors immediately respond to it through buying and selling decisions, but rather wait for further certainty before making transactions.

Saragih et al.'s (2019) research shows that market reactions are more reflected in stock price movements than in transaction volume, this can happen because some investors, especially institutional, make large transactions that affect prices without involving broad participation, while other investors tend to wait and see, so that trading volume remains stable even though there are price changes that reflect the response to information received by the market. Dewi & Rama's (2019) research supports this finding by showing that abnormal returns are significant because stock prices respond to the results of the 2019 Election, however, trading volume activity is not significant because many investors have anticipated the results through quick counts and the increase in interest rates makes them reluctant to make active transactions, so that price changes are more influenced by large transactions from some investors, while others choose to wait for further certainty before transacting. Research by Putri et al. (2020) found a significant difference in abnormal returns before and after the election

announcement, indicating a stock price reaction to political information, however, trading volume activity (TVA) was not significant because the market had anticipated the results beforehand, so even though stock prices moved, transaction activity did not change significantly because some investors had already transacted earlier, while others chose to wait for certainty before acting.

(d) Abnormal returns are not significant and trading volume is significant

The condition where abnormal returns are insignificant but trading volume is significant indicates that even though the stock price has not changed significantly, there has been a surge in stock buying and selling activity. This phenomenon occurs in a situation of uncertainty, when investors' expectations of an event are diverse and undirected. Some investors may be optimistic and make purchases, while others are cautious and choose to sell, resulting in an increase in transactions without a clear consensus on direction, as a result, buying and selling pressures balance each other out, causing prices to stagnate relatively. This situation indicates that the market continues to react actively to information, but the reaction is more speculative and reflects the catalyst of activity, not the catalyst of direct changes in stock value.

Research by Kirana & Sembel (2019) shows that the election did not have a significant impact on the aggregate intrinsic value of stocks, so that abnormal returns before and after the election were relatively stable, however, trading volume increased significantly because investors reacted actively through speculation and short-term uncertainty, reflecting differences in views between investors regarding new policies and portfolio adjustments. Ratnawati (2020) also found something similar in large-cap LQ45 stocks in the mature phase, where limited growth prospects made stock prices not change much. The spike in TVA after the event shows that the market continues to respond to information through increased transaction activity due to short-term speculation and anticipation of post-event policy directions. Muzzammil & Rizki (2020) added that investors, especially short-term investors, take advantage of moments of uncertainty to make quick profits through intense buying and selling activities, not because of changes in the fundamental value of stocks. In this situation, major events tend to trigger increased market activity without significantly changing stock prices, making trading volume a more sensitive indicator of market response than price changes.

CONCLUSION

1. There is no significant difference in the cumulative abnormal return (CAR) of companies listed in the LQ45 Index before and after the 2024 Indonesian Presidential Election. This finding indicates that investors did not earn abnormal returns, as the market rapidly adjusted stock prices in response to the information related to the event. The election event did not significantly

affect stock valuations, suggesting that the market had already anticipated this information well in advance of the event itself. This reflects that the Indonesian capital market demonstrates characteristics of a semi-strong form of market efficiency, wherein stock prices reflect all publicly available information, including major political developments such as elections. The absence of a significant difference in CAR also implies that information about the presidential candidates, quick count results, and anticipated future policies was widely disseminated among market participants before the event, thereby preventing any informational surprise that could have triggered stock price fluctuations.

2. There is a significant difference in the average trading volume activity (TVA) before and after the 2024 Indonesian Presidential Election. This finding indicates that the information surrounding the election event during the six-day observation window was effectively received by capital market participants and contained relevant informational value. The significant reaction in trading volume reflects an increase in transaction activity as a form of investor response to expectations regarding the election outcome, manifested through both buying and selling actions. This demonstrates that the market actively responded to political information through trading intensity, even though such responses were not fully reflected in stock price changes.

REFERENCE LIST

- Ahmed, F., Bahoo, S., Aslam, S., & Qureshi, M. A. (2020). Meta-analysis on American presidential election - 2016 and american stock market. *Estudios de Economia Aplicada*, 38(1), 1–7. <https://doi.org/10.25115/eae.v38i1.2948>
- Arif, A. A., & Sudjono, S. (2021). The Impact Of Indonesian Presidential Election The 2019 On Abnormal Return And Stock Trading Volume Activity On Idx (Empirist Event Study On Stock Listed In The Lq 45 Index In 2019) Ahmad. *Dinasti International Journal of Education Management And Social Science*, 2(6), 966–976. <https://doi.org/10.31933/dijemss.v2i6.972>
- Akbar, E. P., Saerang, I. S., & Maramis, J. B. (2019). Reaksi Pasar Modal Terhadap Pengumuman Kemenangan Presiden Joko Widodo Berdasarkan Keputusan KPU Pemilu Periode 2019-2024 (Studi pada Perusahaan BUMN yang Terdaftar Di BEI). *JMBI UNSRAT (Jurnal Ilmiah Manajemen Bisnis Dan Inovasi Universitas Sam Ratulangi)*, 6(2), 123–131. <https://doi.org/10.35794/jmbi.v6i2.26169>
- Alrhafynza, F. B., & Siswanto, E. (2017). Reaksi Pasar Modal Indonesia Terhadap Peristiwa Politik Nasional (Studi Pada Saham LQ45 atas Putusan Sidang Kasus Penistaan Agama oleh Gubernur DKI Jakarta, Basuki Tjahaja Purnama Tahun

- 2017). Magister Manajemen UGM, 47–56.
<https://jurnal.unej.ac.id/index.php/prosiding/article/view/9136>
- Arif, A. A., & Sudjono, S. (2021). The Impact Of Indonesian Presidential Election The 2019 On Abnormal Return And Stock Trading Volume Activity On Idx (Empirist Event Study On Stock Listed In The Lq 45 Index In 2019). *Dinasti International Journal of Education Management And Social Science*, 2(6), 966–976. <https://doi.org/10.31933/dijemss.v2i6.972>
- Aulia, N., & Amanah, H. (2019). Reaksi Pasar Modal Pada Peristiwa Pemilu Presiden Indonesia Tahun 2019 (Studi Pada Sub Sektor Advertising, Printing, dan Media yang Listing di BEI). *Jurnal Ilmiah Mahasiswa FEB*, 9(1), 1–14.
- Basri, H., Shabri, M., Majid, A., & Februari, C. P. (2019). Does Indonesia Sustainability Reporting Award (ISRA) Cause Abnormal Return and Stock Trading Volume: A Comparative Analysis Stock Market Integration View project Does Financial Development Reduce Poverty? Empirical Evidence from Indonesia View project Doe. *Academic Journal of Economic Studies*, 5(1), 74–79. <https://www.researchgate.net/publication/331101392>
- Brigham & Houston. (2014). *Dasar-Dasar Manajemen Keuangan*. Salemba Empat.
- Damayanti, E., Larasati, R. D., & Hana, K. F. (2020). Reaksi Pasar Modal Indonesia Terhadap Pengumuman Indonesia Sebagai Negara Maju. *Point*, 2(1), 1–12. <https://doi.org/10.46918/point.v2i1.500>
- Dewi, I. G. A. A. O., & Rama, G. R. B. (2019). Analisis Abnormal Return , Trading Volume Activity Dan Foreign Capital Inflow Sebelum Dan Sesudah Pemilihan Presiden Dan Pemilihan Legislatif Tahun 2019 (Studi Pada Perusahaan Anggota Indeks Kompas100 Di Bursa Efek Indonesia). *Jurnal Ilmiah Akuntansi Dan Bisnis*, 4(2), 204. <https://doi.org/10.38043/jiab.v4i2.2327>
- Diaconășu, D., Mehdian, S., & Stoica, O. (2023). The Global Stock Market Reactions to the 2016 U.S. Presidential Election. *SAGE Open*, 13(2), 1–12. <https://doi.org/10.1177/21582440231181352>
- Fahmi, I. (2015). *Manajemen Investasi: Teori dan Soal Jawab (Edisi 2)*. Salemba Empat.
- Hartono, J. (2017). *Teori Portofolio dan Analisis Investasi (Edisi Kese)*. BPFE.
- Indriani, R., & Mariana, M. (2021). Reaksi Pasar Modal Indonesia Terhadap Peristiwa Pengesahan Uu Cipta Kerja 2020 (Studi Kasus Perusahaan Yang Terdaftar Pada Lq45). *Jurnal Bina Akuntansi*, 8(2), 168–188. <https://doi.org/10.52859/jba.v8i2.174>
- Indrianti, R., Suyanto, & Rahayu, S. R. (2020). Reaksi pasar modal terhadap kemenangan ir. H. Joko widodo pada pemilihan presiden di indonesia tahun 2019 (Studi Pada Saham LQ 45 Tahun 2019). *Jurnal Akuntansi AKTIVA*, 1(2).
- Kasanah, A. R., & Mariana, M. (2022). Pengaruh Pemilihan Presiden Indonesia 2019 Terhadap Abnormal Return dan Trading Volume Activity Saham Indeks LQ45 di Bursa Efek Indonesia. *Jurnal Akuntansi AKUNESA*, 10(3), 34–42. <https://doi.org/10.26740/akunesa.v10n3.p34-42>
- Kemuning, N. L. D., Prianthara, I. B. T., & Wistawan, I. M. A. P. (2021). Reaksi Pasar

- terhadap Peristiwa Politik 2019 di Indonesia. E-Jurnal Akuntansi, 31(7), 1746. <https://doi.org/10.24843/eja.2021.v31.i07.p11>
- Kirana, N., & Sembel, R. (2019). The Effect Of Political Event On The Indonesian Stock Market: An Event Study Of Presidential Election On LQ45 Index Stocks. *International Journal of Business, Economics and Law*, 19(1), 1.
- Machmuddah, Z., Utomo, S. D., Suhartono, E., Ali, S., & Ghulam, W. A. (2020). Stock market reaction to COVID-19: Evidence in customer goods sector with the implication for open innovation. *Journal of Open Innovation: Technology, Market, and Complexity*, 6(4), 1–13. <https://doi.org/10.3390/joitmc6040099>
- Maswiguno, W., & Yunita, I. (2020). Analysis Of Abnormal Return And Trading Volume Activity Difference Before And After Quick Count Of General Election Event 2019 (Study. *E-Proceeding of Management*, 47(3), 1–8.
- Muhajir, M., & Ariani, N. E. (2019). Analisis Perbandingan Average Abnormal Return Dan Average Trading Volume Activity Sebelum Dan Setelah Pemilihan Legislatif Dan Pemilihan Presiden Tahun 2019. *Jurnal Ilmiah Mahasiswa Ekonomi Akuntansi*, 4(4), 654–661. <https://doi.org/10.24815/jimeka.v4i4.15231>
- Mustanda, S. and. (2018). Reaksi Pasar Modal Indonesia Terhadap Peristiwa Ni Made Ayu Windika Saraswati 1 Fakultas Ekonomi dan Bisnis Universitas Udayana , Bali , Indonesia ABSTRAK Pasar modal memiliki peran yang sangat penting bagi perekonomian suatu negara, sebab pasar modal me. Saraswati and Mustanda, 7(6), 2971–2998.
- Muzzammil, M., & Rizki, A. (2020). Capital Market Reaction: Before and After the 2019 Presidential and Legislative General Elections in Indonesia. *Cuadernos de Polipub.Org* ISSN, 1853(97), 5739. <https://revistas.unal.edu.co/index.php/ceconomia/article/view/73067>
- Nida, D. R. P. P., Yoga, I. G. A. P., & Adityawarman, I. M. G. (2020). Analisis Reaksi Pasar Modal Terhadap Peristiwa Pemilu Serentak Tahun 2019. *WICAKSANA: Jurnal Lingkungan Dan Pembangunan*, 4(1), 64–73. <https://doi.org/10.22225/wicaksana.4.1.1813.64-73>
- Pajrianti, E., Wardhani, R. S., & Yunita, A. (2024). Analisis Komparatif Abnormal Return dan Trading Volume Activity Sebelum dan Sesudah Pemilihan Umum Tahun 2024 (Perusahaan yang Tercatat di IDXBUMN20). *Innovative: Journal Of Social Science Research*, 4(3), 10592–10604. <https://doi.org/10.31004/innovative.v4i3.11343>
- Permata, C. P., & Ghoni, M. A. (2021). Efek Pemilu Presiden Terhadap Volume Perdagangan Saham di Pasar Modal Indonesia. *Disclosure: Journal of Accounting and Finance*, 1(1), 1. <https://doi.org/10.29240/disclosure.v1i1.2938>
- Pratama, D., Damayanthi, E., Dharmadiaksa, B., & Suardana, A. (2020). Capital Market Reaction to the 2019 Indonesian Presidential Election Announcement Results by the General Election Commission and Constitutional Court Decision. *American Journal of Humanities and Social Sciences Research (AJHSSR)*, 4(1), 286–291. www.ajhssr.com
- Prihantini, F. N., Indudewi, D., & Mansur, A. (2021). The Difference in Abnormal

- Return and Trading Volume Activity Analysis During and After Presidential Election on 17 April 2019 In Transport, Infrastructure and Utility Company Listed in Indonesia Stock Exchange In 2019. *Economics and Business Solutions Journal*, 5(2), 114. <https://doi.org/10.26623/ebsj.v5i2.4285>
- Pratama, I. G. J., Ardani, W., & Putri, I. A. S. (2022). Pemanfaatan Presidensi G20 sebagai Sarana Marketing dan Branding Ekonomi Kreatif pada Era Pandemi Covid-19. *Lensa Ilmiah: Jurnal Manajemen Dan Sumberdaya*, 1(1), 28–33. <https://doi.org/10.54371/jms.v1i1.164>
- Putra, D., Swissia, P., Taufik, & Panjaitan, A. (2020). Analysis of Trading Volume Activity (TVA) On Before and After the Presidential Election of the Republic of Indonesia (Case Study on Listed Financial Institution Companies in Indonesia Stock Exchange). *Proceeding of 6th ICITB 2020 - Indonesia*, December, 26–37.
- Putri, N., Sadalia, I., & Irawati, N. (2020). Analysis of LQ45 Stock Market Index Reaction on Presidential Election 2019. *International Journal of Research and Review*, 7(3), 463–472.
- Putri, N., Sadalia, I., & Irawati, N. (2020). Analysis of LQ45 Stock Market Index Reaction on Presidential Election 2019. *International Journal of Research and Review*, 7(3), 463–472.
- Rani Dewi, A. A. A. M. R., & Wiksuana, I. G. B. (2022). Reaksi Pasar Terhadap Kemenangan Joe Biden Dalam Pemilihan Umum Presiden Amerika Serikat Tahun 2020 Di Emerging Market. *E-Jurnal Ekonomi Dan Bisnis Universitas Udayana*, 11(08), 947. <https://doi.org/10.24843/eeb.2022.v11.i08.p08>.
- Ratnawati, I. (2020). Analisis Pengaruh Peristiwa Pengumuman Hasil Pemilu Presiden Dan Legislatif Indonesia 2019 Terhadap Abnormal Return Dan Trading Volume Activity (Event Study Pada Saham Perusahaan LQ 45).
- Rosita Dewi, G. A. S., Wirama, D. G., & Rasmini, N. K. (2017). Reaksi Pasar Atas Pengumuman Paket Kebijakan Ekonomi X Tentang Daftar Negatif Investasi. *Jurnal Ilmiah Akuntansi Dan Bisnis*, 12(2), 104. <https://doi.org/10.24843/jiab.2017.v12.i02.p05>
- Rosyida, H., Firmansyah, A., & Wicaksono, S. B. (2020). Volatilitas Harga Saham: Leverage, Ukuran Perusahaan, Pertumbuhan Aset. *JAS (Jurnal Akuntansi Syariah)*, 4(2), 196–208. <https://doi.org/10.46367/jas.v4i2.256>
- Samsul, M. (2006). *Pasar Modal dan Manajemen Portofolio*. Penerbit Erlangga.
- Saragih, E. M., Sadalia, I., & Silalahi, A. S. (2019). The Impact of Presidential Election on Abnormal Return, Trading Volume Activity, Security Return Variability in Banking Industries Listed on the Indonesia Stock Exchange. *International Journal of Research and Review*, 6(5), 246–261.
- Saraswati, N. M. A. W., & Mustanda, I. K. (2018). Reaksi Pasar Modal Indonesia Terhadap Peristiwa Pengumuman Hasil Penghitungan Suara Pemilihan Umum Dan Pelantikan Presiden Amerika Serikat. *E-Jurnal Manajemen Universitas Udayana*, 7(6), 2971. <https://doi.org/10.24843/ejmunud.2018.v07.i06.p05>
- Scherf, M., Matschke, X., & Rieger, M. O. (2022). Stock market reactions to COVID-19 lockdown: A global analysis. *Finance Research Letters*, 45(December 2020),

102245. <https://doi.org/10.1016/j.frl.2021.102245>
- Sugiyono. (2018). Metode penelitian pendidikan: pendekatan kuantitatif, kualitatif dan R & D. Bandung: Alfabeta.
- Tandelilin, E. (2021). Pasar Modal Manajemen Portofolio & Investasi. PT Kanisius. Yogyakarta.
- Wiagustini, Ni Luh Putu. (2014). Manajemen Keuangan. Denpasar: Udayana University Press.
- Wibowo, M. A. (2025). Analisis Perbedaan Abnormal Return Dan Trading Volume Activity Pra Dan Pasca Pemilu Presiden Indonesia Tahun 2024 Pada Saham Lq45 Dalam Bursa Efek Indonesia. 1–23.
- Wiksuna, I. G. B. (2020). Market Reaction to The Announcement of General Election Result of The President and Vice President of Indonesia in 2019 (Study on LQ 45 Stock Index on The Indonesia Stock Exchange). *European Journal of Business and Management*, 12(3), 120–123. <https://doi.org/10.7176/ejbm/12-3-15>
- Wirawan, N. (2016). Statistika Ekonomi dan Bisnis (Buku 1: Statistika Inferensia): Vol. Buku 1 (Keraras Emas, Ed.; Keempat).
- Yudiawan, P. A., & Abundanti, N. (2020). Reaksi Pasar Terhadap Peristiwa Pemilihan Presiden Tahun 2019 Di Bursa Efek INDONESIA. *E-Jurnal Manajemen Universitas Udayana*, 9(2). <https://doi.org/10.24843/ejmunud.2020.v09.i02.p20>
- Zahrotul Amalia, L., & Budi Santosa, P. (2033). Bursa Efek Indonesia (Studi Perusahaan yang Tercatat dalam Jakarta Islamic Index 70). *Djieb*, 2(2), 138–158. <https://ejournal2.undip.ac.id/index.php/djieb/index>