Capital Market Reaction to the Announcement of the 2024 Presidential Election Results

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Abstract: *The capital market becomes a place for investors to invest capital and share company for to obtain flow of funds as additional business capital. Capital market conditions are influenced by factors macro that are social, economic, and political. Political factors are very influential in trading stocks in 2024 that is election general (election). Research objectives This is for know whether There is difference before and after announcement results presidential election 2024 to the capital market sector energy, technology, infrastructure. Research This use approach event study and is study quantitative. Taking samples in research This use purposive sampling. The data used consists of on ten-day price closing stocks and trading volume share sector energy, infrastructure, and technology listed on the Indonesia Stock Exchange. The data analysis method used in study is a t-test difference analysis model. The results of the study This show No existence difference abnormal returns and trading volume activity before and after announcement results election president 2024 in the sector energy, technology, and infrastructure.*

Keywords: Abnormal returns, Trading Volume Activity, Event Study

1. INTRODUCTION

The capital market provides means sell buy instrument finance term long whether issued by the party government and party private sector. The Indonesian capital market is facilitated in a way officially by the Indonesia Stock Exchange (BEI), is place where investors can plant the capital to various companies that are established in Indonesia are good It is a State-Owned Enterprise or a Privately- Owned Enterprise. One of them object the most popular investment in the Indonesian capital market is shares. The capital market becomes a place for investors to invest capital and share company for to obtain flow of funds as additional business capital. Capital market conditions are influenced by factors macro that are social, economic, and political. Political factors are very influential in trading stocks in 2024 that is election general (election). According to Suhadak et al (2015) If stability politics and economics can create so will make investors feel safe to plant its capital in the capital market, but if stability economics and politics No can guard then investors will hesitate to to plant its capital is in a public company established in Indonesia.

Gumanti and Utami (2002) said that changing the price in the market is reflected from the information available. This is supported from A The "*efficient model hypothesis*"

theory explained by Fama (1970), which states that an event followed by a shock like this is in an efficient market can be said as events that contain information. There are 3 forms level market efficiency based on quality information, namely the form of the market week (weak *form efficient market)*, semi strong form efficient market (semi *strong form efficient market)*, market form strong (strong *form efficient) market)* (Fama, 1970).

Trading volatile stocks the estimated consequence existence *Abnormal Return* and *Trading Volume Activity*. With *abnormal returns* and *trading volume activity* can know capital market response to an incident important. If announcement results election president 2024 gives valuable results positive for investors, then will produce more *returns* big from expected *return,* and vice versa. There is a higher return, bigger and smaller than the expected return, this is what is called *Abnormal Return*. Capital market response to an incident can also be seen from the magnitude change in trading volume of the stock called *Trading Volume Activity*. If the announcement results election give positive results for investors, then will happen increase in trading volume shares. According to Moin (2014), the methodology used for researching capital market reaction due to existence information called event study, while according to Suhadak, Pamungkas & Endang (2015) happened whether *abnormal return and trading volume activity* can investigate use study type *event study.*

Incident announcement results election president this is very interesting for discussed related issue politics that can influence price shares in the capital market. Where the capital market is sensitive to issues and information. This is reinforced with several research that has been studied related incident election. Announcement results election president by the KPU on March 20. After the incident announcement victory presidential election year 2024 number sequence 2 namely Prabowo-Gibran pair, IHSG closed strengthened 0.1% to position 7,338.35. Technology shares PT GoTo Gojek Tokopedia Tbk (GOTO) becomes support largest IHSG at the end trading March 21, 2024, namely reached 14.5 index points (https://www.cnbcindonesia.com). In addition, Prabowo -Gibran also carries sustainability which means continue the president's programs moment This namely Jokowi is one of them is development of the Indonesian Capital City, where matter the interesting to be examined whether sector infrastructure will influential or no. Apart from PT Goto Gojek Tokopedia shares , in general sectoral sector energy become suppressor the biggest IHSG at the end trading March 20 , 2024, namely reached 3.14% (https://www.cnbcindonesia.com).

Like research conducted Yani, et. al (2020) the Indonesian capital market does not react to the announcement victory President of the Republic of Indonesia in 2019 before and after date announcement victory President of the Republic of Indonesia in 2019 before and after date announcement for sharia stocks. Research by Putu Adi and Sunitha (2021), results study shows No there is the difference between the average *abnormal return* and *trading value activity* before and after announcement the election United States President Joe Biden. Beno jange research (2020), Research results show existence *abnormal return* in the 2019 presidential election. However No there is significant difference between before and after incident Good for *abnormal return* and *trading volume activity.*

Based on background behind the researcher interested in do study to strength information from a incident to activity trading stock. Researcher interested in no *event study* on announcement results election president 2024 with focus main that is company sector energy, infrastructure and technology

2. LITERATURE REVIEW

Signaling Theory

According to Brigham and Houston (2011) the theory signal explains about perception management to growth companies in the future, where will influence response potential investors towards company. According to Jogiyanto (2010), the information that has been submitted by the company and received by investors, will interpret and analyzed moreover formerly whether information the considered as signal positive or signal negative. Of course. Second signal they will relate with results which investor decision if the signal given company positive so price share will increase and if the signal given negative so price share will decrease as well as will impact bad for the Company's value.

Market Efficiency

Fama (1990) said that the capital market can categorized as an efficient market If no there is either between individual investors and institutional investors capable get *abnormal return,* after adjustment risks, and using trading strategies in a way sustainable. Capital market (money market) efficiency is reflected from draft efficiency information. The market is said to be efficient if the price of existing securities in the market reflects all the information available, either past information, information private, or information public. Damodaran (2014) stated that the market is efficient happen when price a share traded in the market provide unbiased estimate of mark Actually from investment and fully reflect all available information.

Abnormal Return

According to Tandelilin (2010: 571) *abnormal returns* are different positive or negative from *return* current around announcement with *return* expectations. *Return* is results obtained from investment. *Return* can be in the form of *return* realization that has been happen or expected *return* that has not been happen but as expected will happen in the future upcoming. *Abnormal return* interpreted as difference from *return* realization with *return* expectations (Hartono, 2010:580). According to Hartono (2018:93) *return* abnormal need counted each date in period window for each security. *Return* abnormal for each security This need averaged in a way *cross -sectional* for get average abnormal *return* for each date period window. Sometimes the average return is not normal. accumulated throughout period window for find out the total addition riches consequence from events, and both can compare to for test change before and after. According to Halim (2015:89) results *abnormal* 1 or *abnormal return* is difference between *return* indeed or *return* actualization *(realized return)* with *return* expectations *(expected return)*.

Trading Volume Activity

According to Suganda (2019:17) *Trading Volume Activity* (TVA) are indicators used for observing as well as measuring capital market reaction to information or events that occur in the capital market. Information or events can trigger the movement of shares in the capital market that will influence the supply and demand of Stocks. Trading volume activity *(Trading Volume Activity)* is a instrument that can used For see capital market reaction to information through movement parameters trading volume activity in the market.

Event Study

Study *event study* or studies incident often associated with wan efficient market. Fama (1991) said semi- strong form market hypothesis as *event study.* The price of a share No Haha depicted by price share in the future then. The stock price is also creaed Because existence information addition and information finance company. Bodie *et al.* (2006) describes that studies incident is method study finance for researching impact from an information or incident to movement price a shares owned company. *Event study* used for researching *informational content* from existence an information or announcements and also can used For test market efficiency form half strong. If an announcement can contain information, then it is expected that the market will react now announcement the accepted by the market. The reaction received by the market can measure with *abnormal return* or *return* as size change price.

Hypothesis Development

H $_1$: There is difference Significant *Average Abnormal Return* in the capital market before and after announcement results election president year 2024.

H $_2$: There is difference Significant Trading Volume Activity (*TVA)* capital market before and after announcement results election president 2024.

3. RESEARCH METHODS

Research Model

Study This use approach *event study* and is study quantitative. The data used is secondary data from stock data companies that enter to in the sector list energy, infrastructure, and technology. The data used in the study is the *closing price* data. The period used is ten-day trading on the IDX is not including Saturday and Sunday, where the period the is 5 (five) days before announcement results Election President Year 2024 (pre-*event*) namely started March 13, 2024, to by March 19, 2024, and 5 (five) days after announcement results election president 2024 (*post-event*), namely March 21, 2024, to March 27, 2024. Announcement results election president 2024 on March 20, 2024. *Event windows* use 10-day period trading is for avoid existence influence from other events

Population and Sample

Retrieval sample in research This use *purposive sampling.* According to Ningsih and Cahyaningdyah (2014), *purposive sampling* is a technique of taking samples with criteria certain. As for the criteria share company that is made sample as following:

a. Sector companies' energy, infrastructure and technology which in a way consistent registered on the Indonesia Stock Exchange and has complete data during period study.

b. Companies that are currently No do *corporate action during period research.* Because it can influence change price share.

Data Analysis Method

Data used is secondary data obtained from the website or other internet sources. Data used consists of on ten-day price closing stocks and trading volume share sector energy, infrastructure, and technology listed on the Indonesia Stock Exchange. Data obtained from website sources www.idx.co.id and www.finance.yahoo.com .

Measurement Variables

a. Average Abnormal Return

Return current:

$$R_{i,t} = \frac{P_t - P_{t-1}}{P_{t-1}}$$

Return expectations:

$$E[R_{i,t}] = \frac{R_{Mi,t} - R_{Mi,t-1}}{R_{Mi,t-1}}$$

Abnormal returns:

$$AR_{i,t} = R_{i,t} - E[R_{i,t}]$$

Average Abnormal Return

$$AAR_t = \sum_{t=1}^{k} \frac{AR_{i,t}}{n}$$

b. Trading Volume Activity

$$TVA_{it} = \frac{\sum Saham\ i\ yang\ diperdagangkan}{\sum saham\ i\ yang\ beredar}$$

Data Analysis Methods

Data analysis methods used in study This is a t-test difference analysis model. Normality test with the *Kolmogorov -Smirnov* test at the level significance of 5%. Next, it was carried out testing hypothesis use *paired sample t-test* for normally distributed data and the *Wilcoxon paired sample test* for data that is not normally distributed.

4. **RESULTS AND DISCUSSION**

Description of Research Variables

Analysis statistics descriptive used to describe the data in study through variables research that includes *average abnormal return* and *trading volume activity* 5 (five) days before and after *event.* Data overview in analysis statistics descriptive, namely in the form of *mean* value, average value lowest (minimum*)*, value highest (maximum*)*, and standard deviation.

Table 1 Statistics Descriptive *Average Abnormal Return*

Variables	N	*Min*	*Max*	*Mean*	Standard Deviation
Energy Sector					
AARbefore	73	-0.0410	0.0809	0.024455	0.0156015

AARafter	73	-0.0450	0.0684	0.022334	0.0173204
Technology Sector					
AARbefore	38	-0.0920	0.0586	0.009676	0.0243120
AARafter	38	-0.0255	0.0744	0.016891	0.0178161
Infrastructure Sector					
AARbefore	54	-0.0355	0.0666	-0.006991	0.0137576
AARafter	54	-0.0854	0.0561	-0.012811	0.0240820

Table 1 shows that standard AAR deviation before and after announcement results election president 2024 sector energy own more value small If compared to with mark *mean* where in the standard AAR deviation before is of 0.0156015 while the mean AAR before of 0.024455. This shows sufficient data distribution small. The same thing also happens to the value standard deviation compared to with mean AAR value after date announcement. For mean value in sector AAR data energy show there is A little where the decline means AAR value before by 0.006763 decreased by 0.000986. This is show that majority of abnormal returns of stocks sector energy experience decline post period after announcement results election president 2024.

Standard AAR deviation before and after in the sector technology own more value big If compared to with mark *mean* where in the standard AAR deviation before is of 0.0243120 while the mean AAR before of 0.009676 and the thing This also happens in the value standard deviation compared to with mean AAR value after announcement. This shows sufficient data distribution big. That thing shows sufficient data distribution big. For mean value in sector AAR data technology show there is quite an improvement significant Where mean AAR value before by 0.009676 an increase of 0.016891 which is This show that majority of abnormal returns of stocks sector energy experience improvement after announcement results election president 2024.

Standard AAR deviation before and after incident in the sector infrastructure own more value bigger If compared to with mark *mean* where in the standard AAR deviation before is of 0.0137576 while the mean AAR before of -0.006991. This shows sufficient data distribution big. For mean value in event AAR data second show there is improvement Where mean AAR value before is of -0.006991 becomes -0.012811, which is This show that majority stocks sector energy experience improvement after event. This happens Possible because of there is action increased selling by investors in shares sector

infrastructure because investors are back to trust the funds for invested back to stocks sector infrastructure.

Table 2 Statistics Descriptive *Trading Volume Activity*

Variables	N	*Min*	*Max*	*Mean*	Standard Deviation
Energy Sector					
TVAbefore	73	0.0013	43,2073	2.856511	6.2833264
TVAfter	73	0.0016	25,9837	2.283915	4.8411782
Technology Sector					
TVAbefore	38	0.0002	759,5006	23,305507	122.9550221
TVAfter	38	0.0001	336,8185	12.204632	54.9164083
Infrastructure Sector					
TVAbefore	54	0.0002	9,9798	0.582801	1.5121828
TVAfter	54	0.0005	9,2360	0.680632	1.8585887

Table 2 shows that standard TVA deviation before and after incident announcement results election president 2024 has more value big If compared to with mark *mean* where in the standard TVA deviation before is of 6.2833264 while the mean TVA before amounting to 2.856511. This shows sufficient data distribution big because of the total trading volume stocks sector energy varies greatly. For mean value on event TVA data show there is decline Where mean TVA value before is by 2.856511 to 2.283915 which is This show that happen decline transaction trading in stocks sector energy after incident.

Standard TVA deviation before and after incident announcement results election president 2024 has more value big If compared to with mark *mean* where in the standard TVA deviation before is of 122.9550221 while the mean TVA before amounting to 23,305507. This shows sufficient data distribution big because of the total trading volume stocks sector technology varies greatly. For mean value on event TVA data announcement results election president 2024 shows there is improvement Where mean TVA value before is by 23.305507 to 12.204632 which is This show that happen improvement transaction trading in stocks sector technology after incident announcement results election president 2024.

Standard TVA deviation before and after incident announcement results election president 2024 has more value big If compared to with mark *mean* where in the standard TVA deviation before is of 1.5121828 while the mean TVA before of 0.582801. This shows

sufficient data distribution big because of the total trading volume of stocks sector infrastructure varies greatly.

Table 3 *Kolmogrov -Smirnov test*

Information	N	α	p-value	Decision	Data Distribution
Energy Sector					
AARbefore-after	73	0.05	0.001	*p-value < α*	Abnormal
TVAbefore-after	73	0.05	0.001	*p-value < α*	Abnormal
Technology Sector					
AARbefore	38	0.05	0.015	*p-value < α*	Abnormal
AARafter	38	0.05	0.002	*p-value < α*	Abnormal
TVAbefore-after	73	0.05	0.001	*p-value < α*	Abnormal
Infrastructure Sector					
AARbefore-after	73	0.05	0.001	*p-value < α*	Abnormal
TVAbefore-after	73	0.05	0.001	*p-value < α*	Abnormal

Table 3 can know that mark *p-value* TVA before announcement results election president 2024 is 0.001 and TVA after announcement results election president 2024 is 0.001. The *p-value* is smaller from level the significance that has been determined, namely of 0.05 (p-*value* <0.05). Based on the results said, hypothesis zero (H $_0$) is accepted which means is TVA data before and after *Kolmogorov -Smirnov* No normally distributed. So, for testing hypothesis using the Wilcoxon Paired Sample Test.

Table 4 Hypothesis test

Information	N	α	Sig.	Results
Energy Sector				
AARbefore-after	73	0.05	0.528	Not significant
Technology Sector				
AARbefore-after	38	0.05	0.201	Not significant
Technology Sector				
AARbefore-after	54	0.05	0.112	Not significant

In Table 4 it can be seen results from testing hypothesis on events announcement results election president 2024 with using the *Wilcoxon Sample* test that mark *sig.* is of 0.528 0.201 0.112 or more big from level the significance that has been determined, namely 0.05. If *p-value > α,* so can concluded that hypothesis zero (H $_0$) is accepted or No there is significant AAR difference before and after announcement results election president 2024 on stocks sector energy, technology and infrastructure.

Table 5 Hypothesis Test

Information	N	α	Sig.	Results
Energy Sector				
TVAbefore-after	73	0.05	0.366	Not significant
Technology Sector				
TVAbefore-after	38	0.05	0.607	Not significant
Infrastructure Sector				
TVAbefore-after	54	0.05	0.766	Not significant

In Table 5 it can be seen results from testing hypothesis on events announcement results election president 2024 with using the *Wilcoxon* test *Paired Sample* that mark *sig.* is by 0.366 0.607 0.766 or more big from level the significance that has been determined, namely 0.05. If *p-value* > *α,* so can concluded that hypothesis zero (H $_{0)}$ is accepted or No there is significant TVA difference before and after announcement results election president 2024 on stocks sector energy, technology, infrastructure.

Discussion

Based on hypothesis test results first on the event announcement results election president 2024 stated that no there is significant AAR difference before and after announcement results election president 2024. The results Can it is said that incident announcement results election president 2024 no own load information that can replace Investor expectations regarding mark company, reaction to incident can see from increase or decline price shares. In line with research by Raya & Paramita (2019) which examined abnormal return differences of companies' sector finance around Election April 17, 2019. Research results show that no found difference significant *abnormal returns* in the company sector finance among before and after study general April 17, 2019. The absence of significant difference in average *abnormal returns* over time before and after incident election president 2024, thing This to signify that incident 2024 presidential election not yet own content sufficient information significant for affect the market, so the capital market does not react to incident incident announcement results election president 2024. The absence of difference in average *abnormal return* before and after incident 2024 presidential election not yet be the main contributing factor change price share.

Not found significant difference in trading volume *activity* before and after announcement results election president 2024 also shows that the capital market in Indonesia is not respond incident the with fast and eventful the No contain sufficient information strong For Finally can volume of transactions in the capital market. Not found

difference significant trading *volume activity* consequence incident political in line with study Mawardi et al. (2020) on the event announcement cabinet 2019 , Pradana et al., (2021), Sudarmo et al., (2024) however results study This contradictory with study Mawardi et al., (2020) in research to incident election 2019 president in the sector industry and research Rosdiana , (2020) and Saragih et al., (2019) who found existence significant differences in trading volume activity in the 2009 elections .

This result show that the market has anticipate results announcement election president 2024, so that announcement official No give a significant surprise. In addition, although results announcement Can cause uncertainty politics, investors do not respond in a way direct through changes in trading volume. Investors tend to more focus on analysis term long related policies that will be implemented by the government new, than react quick to results announcement.

5. CONCLUSION AND SUGGESTIONS

Conclusion

Testing to There is whether difference significant *average abnormal* return before and after incident announcement results election president 2024 obtained results that No there is significant AAR difference before validation announcement results election president 2024. Testing to There is whether difference significant trading *volume activity* before and after incident announcement results election president 2024 obtained results that No there is significant TVA difference before announcement results election president 2024

Recommendation

Research result This expected can add information for investors when will do transaction trading share sector energy as material consideration for transaction sell buy shares at the time happen incident certain like announcement results election president 2024. Research This expected can made into material consideration and evaluation in determine policies finance and capital markets of company's sector energy, technology and infrastructure for measure impact from an incident to stock market reaction, so in the future achieved optimal results. Researchers furthermore expected capable do research in the sector others for see whether incident the own impact on the sector others. Researchers can also do research on many or all sector so that can describe market conditions in general Overall. Researchers furthermore expected to be able to research with more research areas area and period more time long again. Researchers, furthermore, researchers can estimate *abnormal return* other model based like *OLS market model.*

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