

MARKET REACTION TO THE U.S. IMPORT TARIFF ANNOUNCEMENT: EVIDENCE FROM INDONESIA'S TEXTILE AND GARMENT SECTOR

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Abstract

This study examines the reaction of the Indonesian capital market to the announcement of United States import tariffs in 2025, focusing on the textile and garment sector. Using an event study approach, this research analyzes abnormal returns to evaluate whether the market exhibits semi-strong form efficiency. The sample consists of six textile and garment companies listed on the Indonesia Stock Exchange. To capture different speeds of market adjustment, the event window is divided into three observation periods: daily (t-5 to t+5), weekly (t-4 to t+4), and monthly (t-3 to t+3). The results indicate that abnormal returns occur both before and after the announcement across all observation periods, suggesting the presence of information leakage and delayed market reaction. These findings imply that the Indonesian capital market does not fully reflect semi-strong form efficiency, as stock prices do not adjust immediately to public information. This study contributes to the literature on market efficiency in emerging markets and provides insights for investors and policymakers regarding market behavior in response to global trade policy shocks.

Keywords: Event Study, Abnormal Return, Market Efficiency, Trade Policy, Textile Sector

INTRODUCTION

The capital market is crucial in reflecting a country's economic conditions and investor expectations. It functions as a platform that connects parties with excess funds to those requiring long-term financing, thereby facilitating productive investment activities. The development of capital markets is closely associated with capital formation and economic growth, making stock price movements and trading activities important indicators of market expectations regarding future economic prospects (Eshun & Tweneboah, 2024).

Stock price movements are influenced by various factors, including macroeconomic conditions, firm fundamentals, and investor sentiment. In particular, the flow of information plays a significant role in determining stock price dynamics. According to the Efficient Market Hypothesis (EMH) proposed by Fama (1970), stock prices fully reflect all available information, implying that investors cannot consistently earn abnormal returns from publicly available information. In an efficient market, prices adjust rapidly to new information, whereas in an inefficient market, delayed adjustment may create opportunities for abnormal returns (Tandelilin, 2024).

Global economic events, especially trade policy changes, represent an important source of uncertainty that may disrupt market efficiency. In April 2025, the United States announced a large-scale import tariff policy known as the "Liberation Day Tariffs," imposing a baseline tariff of 10% on all imports and additional tariffs ranging from 11% to 50% on selected countries (Sheffey &

Bataragas, 2025). This policy generated significant volatility in global financial markets, including Indonesia, which was subject to approximately 32% tariffs, potentially affecting export performance and investor sentiment (CNN Indonesia, 2025).

As a developing country with strong trade exposure to the United States, Indonesia is particularly vulnerable to such policy shocks. The textile and garment sector is among the most affected industries due to its high export dependency, with approximately 40% of Indonesia's textile exports directed to the U.S. market (He *et al.*, 2021). This sector is also characterized by high labor intensity and reliance on imported raw materials, making it highly sensitive to trade policy changes, exchange rate fluctuations, and cost pressures.

Preliminary observations of stock price movements indicate that market reactions vary across different time horizons. In the short term, stock prices tend to decline around the event date and recover shortly afterward, suggesting a relatively quick adjustment. However, in the medium and longer term, price movements exhibit more complex patterns, including gradual declines before the event and delayed recovery afterward. These patterns indicate that market reactions may not occur instantly, raising questions about the level of market efficiency.

Previous studies provide mixed evidence regarding market reactions to trade policy announcements. Some studies find significant abnormal returns around policy events, indicating that markets react to new information (He *et al.*, 2021; Rao *et al.*, 2025). Others suggest that price adjustments in emerging markets tend to be gradual rather than instantaneous (Boubaker *et al.*, 2022). In the Indonesian context, findings also vary, with some studies showing significant abnormal returns around events, while others indicate limited market reactions (Kusumayanti & Suarjaya, 2018; Sultan, 2025). Based on these inconsistencies, this study aims to examine how the Indonesian capital market reacts to the U.S. import tariff announcement in 2025, particularly in the textile and garment sector. The reaction is measured using abnormal returns within three event windows: daily, weekly, and monthly, to capture different speeds of market adjustment.

This study contributes to the literature in several ways. First, it provides empirical evidence on market efficiency in an emerging market context using a multi-period event window approach. Second, it focuses on a specific sector that is highly exposed to international trade shocks, offering more precise insights compared to aggregate market studies. Third, the study introduces a comparative perspective across different time horizons, which remains relatively underexplored in previous research. The novelty of this study lies in its integration of multiple observation periods to evaluate market efficiency more comprehensively. By analyzing short-term, medium-term, and longer-term reactions simultaneously, this study offers a deeper understanding of how information is processed in the Indonesian capital market.

Therefore, this research seeks to answer whether the Indonesian capital market exhibits semi-strong form efficiency in responding to the U.S. import tariff announcement, based on abnormal return patterns observed across daily, weekly, and monthly periods.

LITERATURE REVIEW AND HYPOTHESIS FORMULATION

Efficient Market Hypothesis

The Efficient Market Hypothesis (EMH), formally developed by Fama (1970), serves as the theoretical foundation for understanding how information is reflected in stock prices. EMH posits that financial markets are informationally efficient, meaning that stock prices fully incorporate all available relevant information at any given time. As a result, investors cannot consistently earn abnormal returns using publicly available information because prices adjust rapidly to new information. (Fama, 1970) classifies market efficiency into three forms: weak, semi-strong, and strong. This study focuses on the semi-strong form of efficiency, which states that stock prices adjust quickly to all publicly available information, including policy announcements, financial reports, and macroeconomic indicators. In such a market, abnormal returns may only occur briefly around the event date and should not persist afterward. If abnormal returns are observed before

or after the event, it indicates the presence of information leakage or delayed adjustment, suggesting that the market is not fully efficient (Tandelilin, 2024). Empirical evidence from emerging markets also provides partial support for semi-strong efficiency. For example, Gbanador (2021) finds that the absence of significant abnormal returns around public announcements in the Nigerian stock market indicates that stock prices already reflect available information. Similarly, Widoretno & Fitriyah (2024) reports that the Indonesian capital market exhibits semi-strong efficiency in response to geopolitical events, as no persistent abnormal returns are observed before and after the event. In line with these findings, Wengerek *et al.*, (2025) document significant negative abnormal returns around the announcement of U.S. tariff policies, suggesting that global markets respond rapidly to new public information. Amiti *et al.*, (2020) further show that U.S. equity values declined by approximately 9.7% following a series of tariff announcements during the U.S.–China trade war, highlighting the strong informational impact of such events. Moreover, Ramli *et al.* (2025) find significant differences in abnormal returns before and after the U.S. import tariff announcement in Indonesia, indicating that the market reacts to public information in a manner consistent with semi-strong form efficiency.

Event Study Approach

Event study methodology is widely used to examine how financial markets react to specific events. According to MacKinlay (1997), event study measures whether an event contains information by analyzing abnormal returns around the event date. If an event is considered relevant, stock prices will respond, generating abnormal returns. Event studies are particularly useful for testing semi-strong form efficiency because they directly observe how quickly prices adjust to new information (Brown & Warner, 1985). In this study, the event analyzed is the announcement of the U.S. import tariff policy in April 2025, which represents a global macroeconomic shock affecting multiple firms simultaneously.

Abnormal Return

Abnormal return is defined as the difference between actual return and expected return, representing the portion of return that cannot be explained by normal market movements (Brown & Warner, 1985). It is widely used as the primary indicator of market reaction in event study analysis. In an efficient market, abnormal returns should occur only briefly around the event date and disappear once the information is fully absorbed. However, persistent abnormal returns indicate that the market processes information gradually rather than instantly (Campbell *et al.*, 1997). Abnormal return is particularly relevant in testing EMH, as it provides empirical evidence of whether markets respond efficiently to new information. If abnormal returns are observed before the event, it suggests information leakage, while abnormal returns after the event indicate delayed adjustment (Tandelilin, 2024).

Hypothesis Formulation

The hypothesis in this study is based on the semi-strong form of the Efficient Market Hypothesis (EMH), which states that stock prices rapidly reflect publicly available information, such that abnormal returns do not persist after the information is absorbed (Fama, 1970). Market reaction is measured using an event study approach through abnormal return analysis, defined as the difference between actual and expected returns. Abnormal return serves as the main indicator to assess whether the U.S. import tariff announcement contains informational value and whether price adjustments occur efficiently. Empirical evidence shows mixed results. Some studies find that tariff announcements generate significant abnormal returns that are short-lived, indicating rapid market adjustment (Cocozza & Gallo, 2025; Wengerek *et al.*, 2025). Cross-country evidence also supports significant market reactions to trade policy announcements (Chengying *et al.*, 2021; Gazilas, 2025; Setiawan *et al.*, 2024). In contrast, other studies find no persistent abnormal returns, suggesting semi-strong efficiency (Gbanador, 2021; Widoretno & Fitriyah, 2024) and confirm that

abnormal return is a valid indicator for evaluating market efficiency (Kersting & Kilby, 2024; Pandey & Kumari, 2021). Based on these findings, market efficiency may vary depending on the nature of the event and market characteristics. In this study, the U.S. import tariff announcement is treated as a public event that may affect investor expectations in the Indonesian textile and garment sector. If the market is semi-strong efficient, abnormal returns should only occur briefly around the event window and should not persist afterward. Therefore, the hypothesis is formulated as follows:

H1: The Indonesian capital market exhibits semi-strong form efficiency, as reflected in abnormal return patterns across daily, weekly, and monthly periods.

RESEARCH METHODS

This study employs a quantitative research approach using an event study methodology to examine the reaction of the Indonesian capital market to the announcement of the U.S. import tariff policy on April 2, 2025. The research design focuses on analyzing abnormal returns to evaluate whether the market exhibits semi-strong form efficiency in processing public information. The population of this study consists of all companies listed on the Indonesia Stock Exchange (IDX). The sample is selected using purposive sampling, focusing on companies in the textile and garment sector that are actively traded and have complete data during the observation period. Based on these criteria, six companies are selected, namely PT Trisula Textile Industries Tbk. (BELL), PT Eratex Djaja Tbk. (ERTX), PT Indorama Synthetics Tbk. (INDR), PT Trisula International Tbk. (TRIS), PT Sunson Textile Manufacturer Tbk. (SSTM), and PT Inocycle Technology Group Tbk. (INOV).

The data used in this study are secondary data, including daily stock prices and market index data obtained from official sources such as the Indonesia Stock Exchange (IDX) and financial databases. The observation period is divided into three event windows to capture different market reaction horizons: daily (t-5 to t+5), weekly (t-4 to t+4), and monthly (t-3 to t+3). Data collection is conducted using a non-participant observation technique, in which the researcher does not directly engage in the activities of the research subjects and acts solely as an independent observer (Sugiyono, 2023). The data used consist of secondary data, specifically stock closing prices and market index data. These data are obtained by observing and analyzing publicly available information from the official website of the Indonesia Stock Exchange (IDX) at www.idx.co.id. The data analysis technique consists of several steps. First, abnormal returns are calculated as the difference between actual and expected returns using the market model.

Calculating the abnormal return

$$AR_{i,t} = R_{i,t} - E(R_{i,t}) \dots \dots \dots (1)$$

Second, Average Abnormal Return (AAR) and Cumulative Average Abnormal Return (CAAR) are computed to measure market reaction. Descriptive statistical analysis is conducted to summarize the characteristics of abnormal returns. Finally, a one-sample t-test is performed to examine whether AAR differs significantly from zero.

RESULTS AND DISCUSSION

Market Reaction in the Daily Period

Table 1. Descriptive Statistics of Daily Abnormal Returns

Day	Abnormal Return			
	Min	Company	Max	Company

Mean	Dev. Std					
t-5	-0.0762	BELL	0.0082	INDR	-0.0102	0.0252
t-4	-0.0833	BELL	0.0218	ERTX	-0.0139	0.0304
t-3	-0.0269	INDR	0.0577	BELL	0.0072	0.0281
t-2	-0.0101	SSTM	0.1065	BELL	0.0225	0.0431
t-1	-0.1114	BELL	0.0506	INOV	0.0002	0.0569
t-0	-0.0779	ERTX	0.0055	INDR	-0.0312	0.0307
t+1	-0.0805	INDR	0.0266	INOV	-0.0178	0.0359
t+2	0.0069	TRIS	0.0713	INDR	0.0292	0.0231
t+3	-0.0352	BELL	0.0894	ERTX	0.0156	0.0422
t+4	-0.0524	SSTM	0.0202	TRIS	-0.0160	0.0256
t+5	-0.0100	INOV	0.0464	SSTM	0.0212	0.0224

Source: Data Processed (2026)

Based on Table 1, the minimum and maximum abnormal return values during the 11-day observation period (t-5 to t+5) show considerable variation. The lowest abnormal return was recorded at t-1 with a value of -0.1114, while the highest abnormal return occurred at t-2 with a value of 0.1065. Furthermore, the highest mean abnormal return was observed at t+2, amounting to 0.0292, whereas the lowest mean abnormal return occurred at t0 with a value of -0.0312. These findings indicate that market reactions fluctuate around the event date, reflecting both positive and negative responses from investors in the short term.

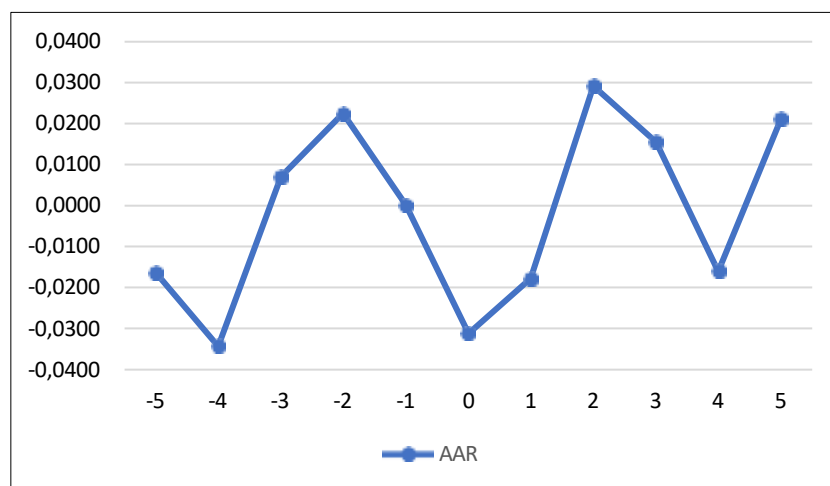


Figure 1. Average Abnormal Return in the Daily Period

Figure 1 illustrates the pattern of average abnormal returns (AAR) during the daily event window (t-5 to t+5). The results show that AAR fluctuates between negative and positive values throughout the observation period. Prior to the event, AAR tends to be negative at t-5 and t-4, then turns positive at t-3 and reaches a peak at t-2. However, around the event date (t0), AAR declines sharply into negative territory, indicating an unfavorable market reaction to the announcement. After the event, AAR rebounds and becomes positive at t+2, suggesting a delayed adjustment by investors. The fluctuating pattern and the presence of abnormal returns both before and after the event indicate that the market does not react instantaneously, reflecting delayed

market response in the short term.

Table 2. T-Test Results of Daily Abnormal Returns

Period	One-Sample T-Test Results		
	t-value	Sig. (2-tailed)	Description
t-5	-1.140	0.306	Not significant
t-4	-2.734	0.041	Significant
t-3	0.622	0.561	Not significant
t-2	1.278	0.257	Not significant
t-1	0.007	0.995	Not significant
t-0	-2.486	0.055	Not significant
t+1	-1.215	0.279	Not significant
t+2	3.088	0.027	Significant
t+3	0.904	0.408	Not significant
t+4	-1.533	0.186	Not significant
t+5	2.313	0.069	Not significant

Source: Data Processed (2026)

Based on Table 2, the results of the one-sample t-test show that most abnormal returns in the daily period are not statistically significant. Only two periods, namely t-4 ($p = 0.041$) and t+2 ($p = 0.027$), exhibit significant abnormal returns at the 5% significance level. The significance observed at t-4 indicates the presence of information leakage, suggesting that some investors may have reacted before the official announcement. Meanwhile, the significant abnormal return at t+2 reflects a delayed market reaction, where the market takes time to fully absorb the information. Since abnormal returns occur both before and after the event, this indicates that the market partially reacts efficiently in the short term but does not fully conform to semi-strong efficiency.

According to the Efficient Market Hypothesis, stock prices in a semi-strong efficient market should adjust rapidly to publicly available information, eliminating abnormal returns beyond the event date (Fama, 1970). However, the presence of abnormal returns both before and after the event indicates that the market does not fully exhibit semi-strong efficiency. This finding is consistent with recent empirical studies, which document that abnormal returns often occur around event windows and may persist due to information leakage and delayed adjustment, particularly in emerging markets (Al-Awadhi *et al.*, 2025; Hayumurti & Khomsiyah, 2025; Iqbal *et al.*, 2026).

Market Reaction in the Weekly Period

Table 3. Descriptive Statistics of Weekly Abnormal Returns

Day	Abnormal Return				Mean	Dev. Std
	Min	Company	Max	Company		
t-4	-0.5010	TRIS	-0.0168	ERTX	-0.2052	0.1755
t-3	-0.4910	TRIS	0.0921	SSTM	-0.1980	0.1856
t-2	-0.4944	TRIS	-0.0339	SSTM	-0.2091	0.1828

t-1	-0.4948	TRIS	-0.0273	ERTX	-0.2119	0.1787
t-0	-0.4882	TRIS	0.0421	ERTX	-0.1850	0.1896
t+1	-0.4633	TRIS	0.0170	SSTM	-0.1770	0.1724
t+2	-0.5186	TRIS	0.0766	ERTX	-0.1703	0.2195
t+3	-0.5193	TRIS	-0.0288	SSTM	-0.2086	0.1920
t+4	-0.4627	TRIS	0.3901	SSTM	-0.1187	0.3003

Source: Data Processed (2026)

As shown in table 3, the abnormal return values during the weekly observation period are consistently negative. The lowest abnormal return was observed at t+2 with a value of -0.5186 , while the highest abnormal return occurred at t+4 with a value of 0.3901 . In terms of the mean abnormal return, the highest value (least negative) was recorded at t+4, amounting to -0.1187 , whereas the lowest value (most negative) occurred at t-1 with a value of -0.2119 . This pattern suggests that the market tends to respond negatively to the event, indicating adverse investor sentiment toward the U.S. import tariff announcement.

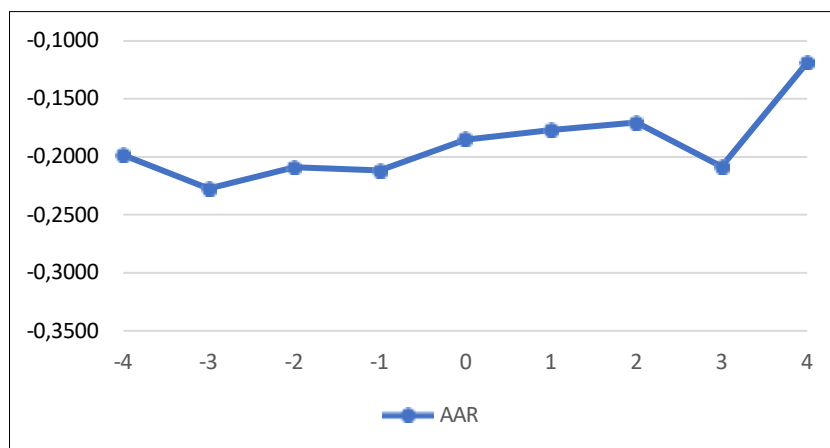


Figure 2. Average Abnormal Return in the Weekly Period

Figure 2 presents the movement of AAR over the weekly period (t-4 to t+4). Unlike the daily pattern, AAR remains consistently negative across all periods, indicating a persistent negative market reaction to the event. Before the announcement, AAR shows a downward trend, reaching lower values around t-3 and t-1, which suggests that investors may have anticipated the negative impact of the policy. After the event, AAR gradually increases (becomes less negative), particularly toward t+4, indicating a slow recovery in market sentiment. This pattern suggests that the impact of the event is more stable and prolonged in the medium term. The persistence of negative abnormal returns further supports the presence of gradual information processing and delayed adjustment in the market.

Table 4. T-Test Results of Weekly Abnormal Returns

Period	One-Sample T-Test Results		
	t-value	Sig. (2-tailed)	Description

t-4	-2.541	0.052	Not significant
t-3	-3.269	0.022	Significant
t-2	-2.802	0.038	Significant
t-1	-2.904	0.034	Significant
t0	-2.390	0.062	Not significant
t+1	-2.515	0.053	Not significant
t+2	-1.901	0.116	Not significant
t+3	-2.662	0.045	Significant
t+4	-0.968	0.377	Not significant

Source: Data Processed (2026)

In the weekly period, the results show a stronger pattern of market reaction. Significant abnormal returns are observed in several periods, particularly at t-3, t-2, t-1, and t+3. The existence of significant abnormal returns before the event (t-3 to t-1) provides strong evidence of information leakage, while the significance observed after the event (t+3) indicates gradual adjustment of stock prices. Although some periods are not significant (such as t-4, t0, t+1, t+2, and t+4), the presence of multiple significant periods surrounding the event suggests that the market reaction is not instantaneous. Therefore, this pattern clearly suggests that the market does not adjust instantly, indicating inefficiency in processing public information.

These findings contradict the semi-strong form of market efficiency, which assumes that prices fully and immediately reflect publicly available information (Fama, 1970). Instead, the results support prior studies showing that stock prices often adjust gradually rather than instantaneously, leading to delayed market reactions and persistent abnormal returns, particularly in emerging markets (Boubaker *et al.*, 2022). This is consistent with recent evidence indicating that market reactions may exhibit underreaction and post-event drift, reflecting inefficiencies in information processing (Du *et al.*, 2023). Furthermore, empirical study shows that abnormal returns can persist after event announcements, indicating that information is incorporated into prices gradually rather than immediately, which contradicts the assumptions of semi-strong efficiency (Dahal *et al.*, 2025; Sari *et al.*, 2023).

Market Reaction in the Monthly Period

Table 5. Descriptive Statistics of Monthly Abnormal Returns

Day	Abnormal Return				Mean	Dev. std
	Min	Company	Max	Company		
t-3	-1.0410	TRIS	0.1112	BELL	-0.4947	0.3776
t-2	-1.0694	TRIS	0.1390	BELL	-0.4680	0.4184
t-1	-1.0268	TRIS	0.1565	BELL	-0.4741	0.3965
t-0	-1.0268	TRIS	0.1198	BELL	-0.4290	0.3984
t+1	-0.9392	TRIS	0.0823	BELL	-0.3706	0.4527
t+2	-1.0616	TRIS	0.1189	BELL	-0.5142	0.4187
t+3	-0.9373	TRIS	0.1377	BELL	-0.3729	0.4035

Source: Data Processed (2026)

Based on Table 5, the abnormal return values during the monthly observation period (t-3 to t+3) exhibit larger magnitudes compared to the daily and weekly periods. The lowest abnormal

return was recorded at $t-2$ with a value of -1.0694 , while the highest abnormal return occurred at $t-1$ with a value of 0.1565 . The mean abnormal return also shows a consistent negative trend. The highest mean abnormal return (least negative) was observed at $t+1$, amounting to -0.3706 , whereas the lowest mean abnormal return (most negative) occurred at $t+2$ with a value of -0.5142 . These findings indicate a stronger and more persistent negative market reaction over the longer observation period.

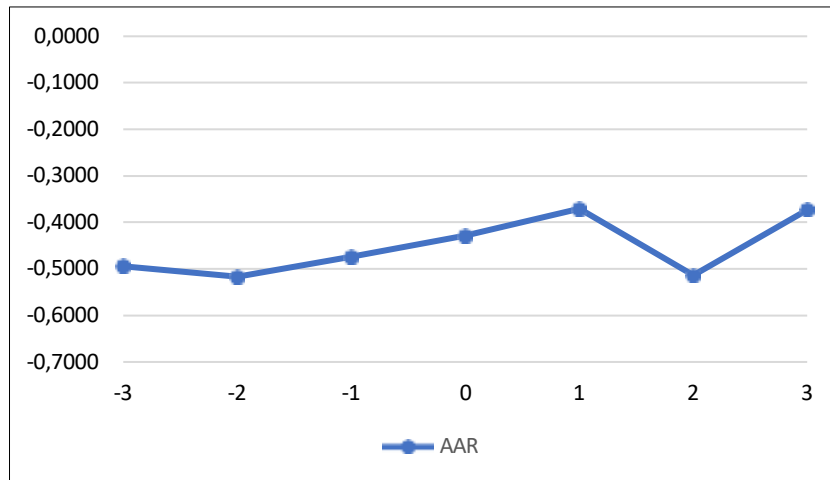


Figure 3. Average Abnormal Return in the Monthly Period

Figure 3 shows a persistent negative trend, with abnormal returns gradually increasing (becoming less negative) before the event, peaking at $t+1$, and declining again at $t+2$. This pattern suggests that the market requires a longer time to fully absorb the information.

Table 6. T-Test Results of Monthly Abnormal Returns

Period	One-Sample T-Test Results		
	t-value	Sig. (2-tailed)	Description
t-3	-3.141	0.026	Significant
t-2	-2.798	0.038	Significant
t-1	-2.929	0.033	Significant
t0	-2.637	0.046	Significant
t+1	-2.006	0.101	Not significant
t+2	-3.008	0.030	Significant
t+3	-2.264	0.073	Not significant

Source: Data Processed (2026)

As shown in Table 6, significant abnormal returns are observed in multiple periods, including $t-3$, $t-2$, $t-1$, $t0$, and $t+2$. The presence of significant abnormal returns before the event again confirms information leakage or even the presence of another event, while the continued significance after the event ($t+2$) reflects a prolonged adjustment process. Only a few periods, such as $t+1$ and $t+3$, are not statistically significant, indicating that the adjustment process is uneven but still persists over time. These findings clearly show that abnormal returns are not limited to the event date, which contradicts the semi-strong form of market efficiency. In a semi-strong efficient market, abnormal returns should only occur briefly around the event date (Fama, 1970). However, the persistence of abnormal returns over a longer horizon suggests that the Indonesian capital market processes information gradually. This finding is consistent with recent studies showing that abnormal returns may persist over longer periods, including monthly horizons, indicating deviations

from market efficiency and the presence of delayed adjustment mechanisms (Gulseven, 2020; Sathyanarayana, 2026). Furthermore, long-horizon evidence suggests that markets tend to become less efficient over extended periods as information is incorporated gradually rather than instantaneously.

Overall, the results across daily, weekly, and monthly periods consistently indicate that the Indonesian capital market does not fully exhibit semi-strong form efficiency. The findings show that: Abnormal returns occur before the event, indicating information leakage; Abnormal returns persist after the event, indicating delayed adjustment; The magnitude and persistence of abnormal returns increase from daily to monthly periods, indicating gradual information processing.

These results are not fully consistent with the Efficient Market Hypothesis proposed by (Fama, 1970), which states that stock prices should immediately reflect all publicly available information. Instead, this finding supports the view that market efficiency in emerging markets is limited, where information may be incorporated into stock prices gradually rather than instantaneously. (Boubaker *et al.*, 2022).

Furthermore, the observed abnormal return patterns may not be solely driven by the tariff announcement. Other concurrent events, such as macroeconomic conditions, global market sentiment, herding behavior, or firm-specific information, may also influence stock price movements during the observation period. This suggests that market reactions in emerging markets are influenced by multiple overlapping information sources, which may weaken the direct impact of a single event.

CONCLUSION

This study examines the reaction of the Indonesian capital market to the announcement of the U.S. import tariff policy using an event study approach across daily, weekly, and monthly observation periods. The results show that abnormal returns occur both before and after the event across all periods. Significant abnormal returns are identified in several time windows, particularly in the weekly and monthly periods, indicating that market reactions are neither immediate nor fully efficient. These findings suggest that the Indonesian capital market does not fully exhibit semi-strong form efficiency, as stock prices do not instantly adjust to publicly available information. The presence of abnormal returns before the event indicates information leakage, while the persistence of abnormal returns after the event reflects delayed adjustment. Moreover, the increasing magnitude and persistence of abnormal returns from daily to monthly periods indicate that information is processed gradually over time.

From a practical perspective, these findings have important implications for investors, policymakers, and market participants. For investors, the existence of abnormal returns implies potential opportunities to earn excess returns by exploiting delayed market reactions. However, it also highlights the importance of closely monitoring both official announcements and market signals prior to events. For policymakers and regulators, the presence of information leakage suggests the need to strengthen market transparency and information disclosure mechanisms to ensure fair access to information. Improving regulatory oversight may help reduce information asymmetry and enhance market efficiency.

Despite its contributions, this study has several limitations. First, the sample size is relatively small, as it focuses only on six companies within the textile and garment sector, which may limit the generalizability of the findings. Second, the study examines a single event, namely the U.S. import tariff announcement, without controlling for other concurrent events that may influence stock price movements. Third, the use of the market model to estimate expected returns may not fully capture all risk factors affecting stock performance.

Based on these limitations, future research is recommended to expand the scope of analysis by including a larger sample size across multiple sectors to improve generalizability. Future studies

may also consider examining multiple events or incorporating control variables, such as macroeconomic indicators or global market conditions, to better isolate the effect of specific events. In addition, the use of alternative asset pricing models, such as the CAPM or multifactor models, may provide more robust estimates of expected returns. Finally, further research could explore behavioral factors, such as investor sentiment, to better understand the underlying causes of delayed market reactions in emerging markets.

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