

MARKET REACTION TO INDONESIA'S 2025 FINANCE MINISTER CHANGE

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Abstract

The appointment of a new Minister of Finance on 8 September 2025 is a political–economic event that could influence investor expectations regarding fiscal stability and policy direction. This study aims to examine how the capital market responds to this event by analyzing abnormal returns and trading volume activity. Using an event study method, the sample consists of LQ45 stocks that reflect high market liquidity on the Indonesia Stock Exchange, observed over a window of T–5 to T+5. This study lies in its specific focus on the 2025 ministerial appointment, an event not previously examined, and the combined use of daily analysis and mean-difference testing to evaluate market reactions consistently. The findings show that the market exhibits reactions at several points surrounding the announcement date, as reflected in abnormal returns and trading volume. However, the comparative tests before and after the event indicate no significant differences, suggesting that the reactions are temporary and do not develop into short-term structural changes. These results imply that the market anticipates the appointment effectively, preventing sustained trading pressure. The study provides opportunities for further research with broader variables and sectoral coverage.

Keywords: Abnormal Return, Event Study, Market Reaction, Minister of Finance, Trading Volume Activity.

INTRODUCTION

The Indonesian capital market functions as a crucial channel for allocating capital to productive sectors and serves as an indicator of national economic health (Indrayani, 2019). Its contribution to domestic economic financing in 2024 is reflected in the total market capitalization, which reached IDR 11,762 trillion or approximately 60% of the national Gross Domestic Product (GDP). The Composite Stock Price Index (IHSG) closed at 7,079.91, with an average daily transaction value of IDR 11.4 trillion. Market liquidity remained stable despite global uncertainties, highlighting the capital market's role as a key pillar in financing both corporate and government activities (OJK, 2024).

Stock price movements in the capital market are influenced by both fundamental and non-fundamental factors. Fundamental factors include firm performance, profitability, liquidity, and macroeconomic indicators such as inflation and exchange rates (Azizah et al., 2020). Meanwhile, non-fundamental factors—such as presidential and vice-presidential candidate announcements, legislative elections, government transitions, cabinet announcements, political unrest, wars, and other events—significantly influence stock prices and trading volumes, as political events are closely related to economic stability (Hayumurti & Khomsiyah, 2025). Stock price movements reflect investor expectations regarding economic conditions, government policy direction, and future corporate performance. Prices adjust rapidly to all relevant information, both economic and non-economic (Fama, 1970). New information deemed important is quickly reflected

in stock prices and trading activity, as investors rely heavily on such information for decision-making (Sumiari et al., 2020).

Changes in officials who hold authority over economic policy, such as the Minister of Finance, may lead to adjustments in investor expectations. Prior literature indicates that political events often trigger significant changes in stock market returns, as markets respond to both uncertainty and clarity in policy direction (Bash & Al-Awadhi, 2023). The Minister of Finance plays a strategic role in maintaining fiscal policy credibility, state financing, and government intervention toward the corporate sector (Ministry of Finance, 2025). Political uncertainty often drives institutional investors to engage in large-scale sell-offs to mitigate risk (Gavriilidis et al., 2024). This phenomenon was evident on September 8, 2025, when President Prabowo officially appointed Purbaya Yudhi Sadewa as Minister of Finance, replacing Sri Mulyani. The market reacted immediately, with the IHSG declining by 1.28% (100.49 points) to 7,766.84 (Reuters, 2025). This reaction aligns with signaling theory, which suggests that government actions or public officials' decisions serve as signals regarding future economic policy direction (Spence, 1973).

Previous studies have demonstrated that political and economic events often trigger market reactions. Brown and Warner (1985) showed that the event study approach is effective in detecting stock price changes due to specific events, while MacKinlay (1997) refined the framework by introducing abnormal return as a key indicator of market reaction. Two primary indicators commonly used to measure market reaction are abnormal return (AR) and trading volume activity (TVA). AR represents the difference between actual and expected returns, reflecting valuation changes due to new information, whereas TVA captures changes in trading intensity, indicating investor participation and attention (Campbell et al., 1997). The combination of these indicators provides a comprehensive understanding of how investors process political and economic information.

Empirical findings on market reactions to political events remain mixed. Bash and Al-Awadhi (2023) found that the 2023 Turkish presidential election triggered significant market reactions, particularly as political uncertainty decreased in the second round. Rundengan et al. (2017) documented significant market reactions in both abnormal return and trading volume activity following the appointment of Sri Mulyani as Minister of Finance in 2016. Budastra et al. (2022) reported mixed results in the context of Indonesia's cabinet reshuffles, with trading volume showing significant differences, whereas abnormal returns were often insignificant. Similarly, Hayumurti and Khomsiyah (2025) found no significant impact of the Constitutional Court's 2024 election dispute decision on abnormal return or trading volume activity. Other studies also report inconsistent findings, including Kango et al. (2020), Ana et al. (2025), Yahya et al. (2023), and Kristiastuti and Sari (2021), indicating that market responses vary depending on the type and context of political events.

These inconsistencies suggest that the mechanism by which market responses to political authority change remains empirically inconclusive. Therefore, this study aims to provide more focused, recent, and contextual evidence on how the Indonesian capital market reacts to changes in the Minister of Finance. This study aims to analyze the market reaction to the 2025 change in Indonesia's Minister of Finance using abnormal return (AR) and trading volume activity (TVA) as key indicators. Theoretically, this study contributes to the literature on the development of the capital market and the efficient market hypothesis by providing empirical evidence from a recent political event. Practically, it provides investors with insights for making investment decisions and regulators with an understanding of, and a way to manage, market sentiment. The novelty of this study lies in its focus on the 2025 Minister of Finance transition, a recent political event that has not been widely examined in prior research, and in its combined analysis of AR and TVA in the Indonesian context. The findings of this study are expected to offer practical implications, particularly in helping investors anticipate market reactions to political events and assisting policymakers in maintaining market stability during periods of political transition.

LITERATURE REVIEW AND HYPOTHESIS FORMULATION

Efficient Market Hypothesis

The efficient market hypothesis is a fundamental theory that posits that stock prices in the capital market reflect all relevant information available to market participants (Fama, 1970). This theory assumes that investors are rational and that the market will promptly adjust security prices when new information emerges. Fama distinguishes three forms of market efficiency: (1) Weak-form efficiency, where stock prices reflect only historical information; (2) Semi-strong form efficiency, where stock prices reflect all public information; and (3) Strong-form efficiency, where stock prices reflect all information, both public and private. Research by Yulianti et al. (2022) found that the Indonesian capital market exhibits varied reactions to various government policy announcements and national events, confirming that market efficiency in developing countries can be dynamic depending on the informational context. The EMH serves as a crucial theoretical foundation for assessing whether a change in the Minister of Finance carries sufficient informational content to influence investor behavior and trigger a significant market reaction.

Signaling Theory

Signaling theory, introduced by Spence (1973), explains that certain actions or decisions can signal to others current conditions, future prospects, or the direction of future policy. Government statements, decisions, or actions can be interpreted as signals for investors to update their expectations regarding economic and corporate performance. Research by Brzezczyski et al. (2015) found that public news and political sentiment strongly influence investor behavior in emerging markets, including stock price reaction patterns. Ma et al. (2024) demonstrate that political risk can cause significant fluctuations in stock prices because it is perceived as a signal of uncertainty about the direction of economic policy, prompting investors to adjust their portfolios as a form of risk mitigation. Therefore, a change in the Minister of Finance can be interpreted as a political-economic signal that influences capital market reactions, both through changes in stock prices (abnormal returns) and in trading volume.

Event Study

The event study method is used to observe how the capital market responds to an event that holds informational value for investors. According to MacKinlay (1997), event studies measure the economic impact of an event by examining changes in stock prices over a specific period. Event studies are generally used to assess whether events such as government policies, earnings announcements, or political events cause significant reactions in the capital market. Brown & Warner (1985) assert that event studies are effective for analyzing market reactions because stock prices will immediately adjust to new information if the market is efficient. The event observed in this study is the replacement of Finance Minister Sri Mulyani by Purbaya Yudhi Sadewa on September 8, 2025.

Abnormal Return

An abnormal return is the difference between an investor's actual return and the expected normal return. The normal return reflects the rate of return anticipated by investors under stable market conditions, that is, when there are no specific events affecting stock prices (Hartono, 2015). The occurrence of an event can cause the normal return to change, increasing if the event contains positive information (good news) or decreasing if it contains negative information (bad news). Thus, the actual return reflects the market's reaction to the event, while the abnormal return is the difference between the actual return and the return that would have occurred had the event not occurred (Indrayani, 2019).

Trading Volume Activity

Stock trading volume is the number of shares traded over a specific period, calculated by dividing the number of shares traded by the number of shares outstanding. Fluctuations in trading

volume reflect the intensity of market activity and investors' investment decisions (Fadrul, 2019). According to Karpoff (2025), trading volume is a key indicator for measuring the market's reaction to information because it reveals shifts in investor interest in specific stocks. If an event contains strong information, trading activity will increase as a result of changes in investor perception. Differences in the assessment of public information can alter investor confidence and drive transactions. Trading volume can be used to assess whether investors consider an announcement valuable information, thereby indicating that the information influences investment decisions (Yulianti, 2022).

Hypothesis Formulation

A change in the Minister of Finance could influence investors' expectations regarding the direction of fiscal policy, budget stability, and the credibility of macroeconomic management. The Efficient Market Hypothesis (EMH) posits that stock prices will immediately reflect new information deemed relevant to economic and corporate performance; thus, changes in fiscal officials may trigger abnormal returns if the market perceives material policy implications (Fama, 1970). The position of Minister of Finance plays a strategic role in setting tax policies, budget deficits, and government financing; thus, a change in leadership can alter perceptions of fiscal risk or opportunities for economic stimulus, which in turn affects asset valuations through repricing mechanisms. Empirical findings support the notion that political events signaling new policies often trigger short-term reactions in capital markets. Kango et al. (2020) found that the inauguration of a new cabinet in Indonesia led to significant abnormal returns in state-owned enterprise (SOE) stocks, reflecting investors' responses to new policy signals. Yulianti et al. (2022) reported that public policy announcements can drive short-term price movements, although the intensity and direction of these movements depend on market perceptions of the policy's economic impact. Bash and Al-Awadhi (2023) found significant abnormal returns during the 2023 Turkish presidential election. Muthiya (2024) found significant abnormal returns following the issuance of the MUI fatwa in 2023. Talumewo et al. (2021) found significant differences in abnormal returns before and after the PSBB announcement. Based on these considerations, this study examines whether there are significant differences in abnormal returns before and after the inauguration of the 2025 Finance Minister.

H1: There are differences in abnormal returns before and after the 2025 inauguration of Finance Minister Purbaya.

The semi-strong form of the Efficient Market Hypothesis (EMH) posits that capital markets react quickly to publicly available information, including the replacement of the Minister of Finance. This event has the potential to alter investors' expectations regarding fiscal stability and the direction of economic policy, thereby affecting stock prices and trading activity. The appointment of a Finance Minister serves as a policy signal interpreted by investors; a positive signal drives increased trading activity due to optimism about economic prospects, while a negative or ambiguous signal can create uncertainty, prompting a wait-and-see attitude or portfolio rebalancing. Trading Volume Activity (TVA) is a sensitive indicator for capturing changes in short-term investor behavior. An increase in TVA reflects high market attention and response to an event, whereas a decrease may indicate investor doubt. Previous research supports the link between political events and changes in trading activity. Yahya et al. (2023) found that the enactment of the Job Creation Law triggered significant changes in trading volume activity, indicating that trading volume can react more quickly than stock prices. Kristiastuti & Sari (2021) also reported that the trading volume of LQ45 stocks increased following the enactment of the Job Creation Law, reflecting high speculative activity amid policy uncertainty. The study by Budastra et al. (2022) on the first and second reshuffles of the Indonesia Maju Cabinet yielded mixed results; however, several tests confirmed a difference in TVA following the reshuffle announcements. Changes in TVA during the 2025 inauguration of Finance Minister Purbaya may reflect how investors assess the future direction of fiscal policy. Based on this theoretical framework and empirical evidence, this

study examines whether there is a difference in TVA before and after the 2025 Finance Minister's inauguration.

H2: *There is a difference in trading volume activity before and after the 2025 inauguration of Finance Minister Purbaya.*

RESEARCH METHODS

Research Methods and Data Sources

This study employs a quantitative research design using the event study approach. This approach is used to measure the market's short-term reaction to the appointment of Purbaya Yudhi Sadewa as Indonesia's Minister of Finance on September 8, 2025, which is expected to signal changes in the direction of national economic policy. The study utilizes secondary data obtained from the official website of the Indonesia Stock Exchange (IDX) (www.idx.co.id), which provides historical stock price and trading volume data.

Population and Sample

The population of this study consists of all companies listed on the Indonesia Stock Exchange. The sample includes firms classified in the LQ45 Index. These stocks are selected because they represent companies with high liquidity, large market capitalization, and stable trading frequency, making them more reflective of actual investor reactions to an event. The sampling method used is purposive sampling, with the following criteria: Companies consistently listed in the LQ45 Index during the observation period (August–September 2025), stocks with complete data on closing prices and trading volume during both the estimation period and the event window, and stocks that did not experience other significant corporate actions (such as stock splits, mergers, acquisitions, or dividend announcements) during the observation period to avoid potential bias. The final sample for this study consisted of 45 companies.

Observation Period

This study refers to Kango (2020), which employs a 30-day estimation window preceding the event window to calculate expected returns. The observation period consists of eleven trading days, including five days before the event ($t-5$ to $t-1$), the event day (t_0), and five days after the event ($t+1$ to $t+5$). The selection of this time frame is based on the event study methodology proposed by MacKinlay (1997), which states that the length of the event window can be adjusted depending on the speed of market response.

Else and the possibility of information leakage prior to the event. Since the Indonesian capital market is categorized as an emerging market, a longer observation window is considered appropriate, as price and trading volume adjustments may not occur instantaneously (Hartono, 2015).

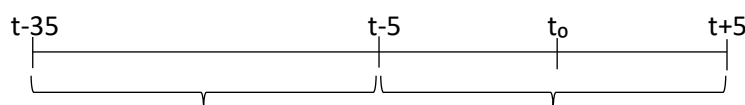


Figure 1. Research Period

Abnormal Return

Abnormal returns are the difference between a stock's actual return and its expected return. A positive value indicates a positive market reaction to the event, while a negative value indicates a negative reaction (Hartono, 2015). The steps for calculating abnormal returns are:

1. Calculating the actual return—that is, the real return on an investment or stock—using the formula:

$$R_{it} = P_{it} - P_{i(t-1)} \dots \dots \dots (1)$$

Description:

R_{it} = The actual return on stock i during period t

P_{it} = The closing price of stock i on day t

$P_{i(t-1)}$ = The closing price of stock i on day t-1

2. Calculating market return. Market return is the average return on all investments in the stock market. The formula for calculating market return is:

$$R_{mt} = \frac{IHSG_t - IHSG_{t-1}}{IHSG_{t-1}} \dots \dots \dots (2)$$

Description:

R_{mt} = Market return on day t

$IHSG_t$ = IHSG on day t

$IHSG_{t-1}$ = IHSG on day t-1

3. Calculating expected return. Expected return is the return an investor is expected to receive over a future period of time; it is calculated using the following formula:

$$E(R_{it}) = \alpha_i - \beta_i \cdot R_{mt} \dots \dots \dots (3)$$

Description:

$E(R_{it})$ = Expected return on stock i on day t

α_{it} = The portion of stock i's return that is not influenced by market performance

β_t = Sensitivity of stock i's return to market movements

R_{mt} = Market return on day t

The alpha (α_i) and beta (β_i) values in this formula are obtained using simple regression or Ordinary Least Squares regression.

4. Calculate the abnormal return using the formula:

$$AR_{it} = R_{it} - E(R_{it}) \dots \dots \dots (4)$$

Description:

AR_{it} = The abnormal return of stock i in period t

R_{it} = The actual return of stock i in period t

$E(R_{it})$ = The expected return of stock i in period t

5. Calculate the average abnormal return using the formula:

$$AAR_{it} = \frac{\sum AR_{it}}{N} \dots \dots \dots (5)$$

AAR_{it} = Average abnormal return of the stock in period t

$\sum AR_{it}$ = Sum of abnormal returns of the stock in period t

N = Number of companies in the sample

Trading Volume Activity

Trading volume activity is the ratio of the trading volume of an individual stock to the total number of shares outstanding during the observation period. TVA reflects investor activity and interest in a stock in response to a particular event (Hartono, 2015). TVA is calculated using the following formula:

$$TVA = \frac{\text{The trading volume of stock i during periode t}}{\text{Number of shares outstanding as of period t}} \dots \dots \dots (6)$$

Next, the average trading volume activity (ATVA) is calculated using the following formula:

$$ATVA = \frac{\sum_{i=1}^N TVA_i}{n} \dots \dots \dots (7)$$

Description:

$ATVA$ = Average trading volume

N = number of days in the observation period

Data analysis techniques using SPSS and Microsoft Excel. Data normality was tested using the Kolmogorov-Smirnov test. Hypothesis testing was performed using the paired-sample t-test if the

data were normally distributed. However, if the data were not normally distributed, hypothesis testing was performed using the Wilcoxon signed-rank test (Sumiari et al., 2020).

RESULTS AND DISCUSSION

One-Sample T Test

The one-sample t-test was used to determine whether there were significant market reactions, reflected in abnormal returns and trading volume, on each observation day around the announcement of the Minister of Finance's change.

Table 1. One-Sample T Test

Abnormal Return (AR)			Trading Volume Activity (TVA)		
Period	Sig	Description	Period	Sig	Description
T-5	0.001	Significant	T-5	0.001	Significant
T-4	0.506	Not Significant	T-4	0.001	Significant
T-3	0.001	Significant	T-3	0.001	Significant
T-2	0.001	Significant	T-2	0.001	Significant
T-1	0.001	Significant	T-1	0.001	Significant
T0	0.001	Significant	T0	0.001	Significant
T+1	0.001	Significant	T+1	0.001	Significant
T+2	0.229	Not Significant	T+2	0.001	Significant
T+3	0.001	Significant	T+3	0.001	Significant
T+4	0.001	Significant	T+4	0.001	Significant
T+5	0.003	Significant	T+5	0.001	Significant

Source: Data Processed by Researchers (2025)

The results show that most days within the event window have p-values < 0.05 for abnormal returns (AR), indicating significant abnormal returns on those days. This suggests that the market reacts to the event, as investors respond to new information reflected in stock prices. However, on days T-4 and T+2, the significance values exceed 0.05, indicating no significant abnormal returns on those days. This pattern implies that market reactions are not uniformly distributed across all days but are concentrated around certain periods near the event date.

For trading volume activity (TVA), all days within the observation period have p-values < 0.05 (0.001), indicating significant changes in trading volume relative to normal conditions. This finding suggests that the event influences not only stock prices but also investor trading decisions, resulting in consistently increased trading activity throughout the event window.

These findings support the semi-strong form of the Efficient Market Hypothesis (Fama, 1970), which states that stock prices quickly incorporate publicly available information. Additionally, the consistent increase in trading volume aligns with signaling theory (Spence, 1973), indicating that political events act as signals that influence investor behavior.

Hypothesis Testing

Hypothesis 1 (H1) is tested using a paired-samples t-test, as the AAR data before and after the event are normally distributed. Meanwhile, Hypothesis 2 (H2) is tested using the Wilcoxon Signed-Rank Test due to the non-normal distribution of ATVA data.

Table 2. Paired Sample Test

Pair 1	Sig (2 tailed)	Description
AAR Before – AAR After	0.129	Not significant. Rejected

Source: Data Processed by Researchers (2025)

The results of the paired sample t-test show a significance value (Sig. 2-tailed) of 0.129, where $0.129 > 0.05$. This indicates that H1 is rejected, meaning that there is no significant difference in abnormal return before and after the change in the Minister of Finance.

Table 3. Wilcoxon Rank Test

ATVA After - ATVA Before		Description
Z	-1.800	
Asymp. Sig (2 tailed)	0.072	Not significant. Rejected

Source: Data Processed by Researchers (2025)

Similarly, the results of the Wilcoxon Signed-Rank Test show an Asymp. Sig. (2-tailed) value of 0.72, where $0.72 > 0.05$. This indicates that H2 is rejected, meaning that there is no significant difference in trading volume activity before and after the event. These findings are consistent with previous studies, such as Hafidz and Isbanah (2020), Yahya et al. (2023), and Hayumurti and Khomsiyah (2025), which also found no significant differences in market reaction indicators surrounding political events. Furthermore, the results on trading volume activity are consistent with Kango et al. (2020) and Yulianti et al. (2022), suggesting that not all political events lead to significant changes in market activity.

Abnormal Return

The results of the study indicate that, at the daily analysis level, several days within the event window—specifically T-5, T-3, T-2, T-1, T0, T+1, T+3, T+4, and T+5—yielded significant abnormal returns (AR). This pattern indicates a transient market response to the information regarding the appointment of the 2025 Finance Minister. However, when tested at the pre- and post-event average level, the results showed no significant difference. This lack of significance confirms that while stock prices react at specific points in time, such reactions do not develop into sustained changes in average returns.

This finding is consistent with the semi-strong form of the Efficient Market Hypothesis (EMH), which asserts that markets react quickly to public information, so abnormal returns are likely to emerge around the announcement date and to persist only briefly after the information is fully internalized (Fama, 1970). Most of the AR fluctuations that emerge are temporary and disappear as price adjustments reach a new equilibrium. This situation indicates that the change in the Minister of Finance is not expected to alter short-term economic fundamentals, prompting only a limited price reaction. Ana et al. (2025) assert that political events generally do not have an immediate impact on the capital market; their effects often only become apparent after the new government's policies are implemented and begin to influence economic conditions. Budastra et al. (2022) reinforce this by explaining that investors tend not to overreact to political events and prefer to wait and observe the new minister's performance before determining the direction of future investments.

Trading Volume Activity

Daily analysis shows that TVA increased significantly on nearly all days within the event window. This suggests that the Finance Minister's inauguration triggered a behavioral response among investors, as reflected in increased trading activity. However, when tested using the average trading volume before and after the event (ATVA), the results were not significant. These findings suggest that although there were spikes in volume on specific days, the intensity of trading activity did not change enough to form a distinct short-term pattern.

This interpretation can be explained by signaling theory, in which the appointment of fiscal officials signals the future direction of government policy to investors (Spence, 1973). Increased trading volume on certain days reflects initial portfolio adjustments, particularly as investors reposition their holdings in response to fiscal policy expectations. However, since the signal provided by the government during this event is considered sufficiently clear and does not

introduce additional ambiguity, the volume reaction does not persist over the long term and does not result in a significant aggregate ATVA difference (Mishkin & Eakins, 2018). These results are consistent with previous empirical findings. Yahya et al. (2023) show that certain public policy events can trigger great changes in TVA on specific days but do not always result in differences in TVA before and after the event. Kristiastuti & Sari (2021) also note that political events often increase speculative activity in the very short term, without leaving a lasting impact.

The insignificance of the TVA indicates that investors likely do not view the replacement of the Minister of Finance as having a direct impact on economic fundamentals and corporate performance. Market participants focus more on fundamental analysis and macroeconomic conditions than on emotional reactions to political events (Hayumurti & Khomsiyah, 2025). The process of communicating information regarding the replacement of the Minister of Finance proceeded smoothly, thus avoiding an information shock in the market. Thus, the insignificance of the TVA can be understood as a reflection of the success of the government's communication mechanisms in maintaining market credibility and stability, ensuring that trading behavior remains within normal patterns despite significant political events (Guo et al., 2024). Overall, the resulting volume reaction is short-term, transactional, and does not develop into a sustained change in trading intensity.

CONCLUSION

Conclusion

This study finds that the appointment of Purbaya Yudhi Sadewa as Indonesia's Minister of Finance in 2025 does not lead to significant changes in average abnormal return or trading volume activity among LQ45 stocks. Although several days within the event window show notable price and volume movements, these patterns do not persist when analyzed at an aggregate level. The observed responses are temporary and return to normal once the information is absorbed by market participants. These findings indicate that the change in the Minister of Finance is not a major disruptive factor in the short-term dynamics of the capital market. Both price movements and trading activity remain relatively stable, suggesting that investors do not perceive the event as a significant source of risk. Furthermore, the policy transition appears to occur without generating additional uncertainty that could influence trading behavior. Overall, the market response to this political event is limited and quickly returns to normal.

Implications

The results of this study provide practical implications for investors and policymakers. For investors, the findings suggest that not all political events, including changes in key economic positions, lead to significant market reactions. Therefore, investment decisions should be based more on fundamental analysis rather than short-term reactions to political news. For policymakers, the results highlight the importance of maintaining clear communication and policy credibility during political transitions. Effective communication can minimize uncertainty and prevent excessive market reactions, thereby supporting market stability.

Limitations

This study has several limitations that should be considered when interpreting the findings. The data used is limited to LQ45 stocks within a ± 5 -day event window; therefore, the results do not reflect broader market dynamics or potential effects over longer periods. Additionally, the measurement methods, which focus on a market-adjusted approach and average analysis, may reduce sensitivity to intraday micro-fluctuations in price and volume. The data processing also relies on the availability and consistency of historical data from public sources, so potential noise and missing values cannot be entirely avoided. These limitations necessitate careful interpretation of the results, particularly when generalizing to a broader market context.

Suggestions for Future Research

Future research is recommended to expand the sample by including stocks beyond the LQ45 index or by incorporating sectoral indices to obtain a more comprehensive view of market reactions. Extending the event window may also provide deeper insights into whether political impacts persist over time. In addition, the use of more advanced models, such as the market model or multifactor models, could improve the accuracy of abnormal return estimation. Further studies may also utilize intraday or high-frequency data to capture market responses in greater detail. Finally, incorporating variables such as investor sentiment or policy uncertainty indices could enrich the analysis of non-fundamental factors influencing market reactions.

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