ABSTRACT

This research has a background on how policies issued by the Government can affect a stock market performance. Closely related to the Covid 19 pandemic, this study wants to analyze how the impact on Large-Scale Social Restrictions (PSBB= Pembatasan Sosial Berskala Besar) of the central capital Jakarta on stock market performance.

This research has five objectives. First, analyze whether there is a difference in the average LQ 45 stock price before and after implementation of the Jakarta Total PSBB policy. Second, to analyze whether there is a difference in the actual average return on LQ 45 stock before and after the implementation of the Jakarta Total PSBB policy. Third, analyze whether there is a difference in the average capital of LQ 45 shares before and after the implementation of the Jakarta Total PSBB policy. Fourth, analyze whether there is a difference in the abnormal return of LQ45 stock before and after the implementation of the Jakarta Total PSBB policy. Fifth, analyze whether there is difference in the average trading volume activity of LQ 45 shares before and after the implementation of the Jakarta Total PSBB Policy.

The motivation for the research being conducted was to study how policies in handling disease outbreaks of Covid 19 can affect stock market performance as measured by five variables. The contribution of this research so that it can provide an example of the application of even studies in the form of handling the Covid 19 outbreak that can affect stock market performance.

This research uses the event study methodology, which was carried out a week and after the Jakarta Total PSBB which set for April 10, 2020. The LQ 45 stock case, which has a high level of liquidity and marker capitalization, is used in analyzing this problem. In order to determine the accuracy of the analysis, the data normality test was carried out based on the Kolmogorov-Smirnov and Shapiro-Wilk tests. If the data is normal, then the Paired Sample t-Test is used, whereas if the data is not normal, then the Wilcoxon Signed Ranks Test is used.

The test results show that there is no difference in the average stock price, market capitalization and abnormal returns before and after the implementation of Jakarta Total PSBB, except for the average actual return and trading volume activity. The average actual return decreased from 0,0274 to 0,0006, while the average trading volume activity decreased from 0,0080 to 0,0003. In conclusion, implementation the Jakarta Total PSBB can affect stock market performance, which can be seen from the decrease in the actual return and trading value activity variables.