

ABSTRACT

Political event is considered one of main factors that may affect the stock market. Political event closely related to the stability of the economy the country. Political events to be tested contains information on the activities of the stock exchange is the case which related with the controversial statement of Basuki Tjahaja Purnama as Governor of DKI Jakarta about the Regional Election of DKI Jakarta in 2017. event on July 9, 2014. The purpose of this study was to analyze the differences in the average abnormal return and trading volume activity in the LQ-45 before and after the case.

The population of this study are all companies included in the LQ-45 in IDX. Sampling method used in this research is purposive sampling method. The sample used in this study were 43 companies included in the LQ-45 on the Stock Exchange during the observation period (27 April to 19 May, 2017). The data used are secondary data from BEI. The analysis technique used is event study

The result shows that: (1) based on the statistical test on the average abnormal return during the event, the finding is that there is an average abnormal return but not significant before and after the case of Ahok. (2) From the paired sample test of the average trading volume activity before and after the case of Ahok, it shows that statistically there is no significant difference before and after the event. The mean value of the average trading volume activity shows that there is an increase of the average trading volume after the event than before the event.

Keywords: abnormal return, trading volume activity, event study, political event.