

ABSTRACT

The political events of the presidential election in 2019 became the center of national and even international attention which caused a capital market reaction in Indonesia, in this case the Indonesia Stock Exchange (IDX). Political events cause a market reaction which gives an abnormal return to investors in the capital market. This election events become interesting for this research test because political events happen every 5 years. Based on these events researchers are interested in testing the election events in 2019 on the activity of the stock exchange to see the market reaction as measured by Abnormal Return. This research is a quantitative study with an event study approach that analyzes differences in LQ45 stock prices measured from abnormal returns that occur at the time before, during the event, and after the end of the presidential election event on April 17, 2019 for companies listed in LQ45 shares listed at Indonesia stock exchange. This study aims to determine whether Abnormal Return affects the stock prices of LQ45 companies listed on the IDX. The research method used is quantitative data collection methods using data pooling. The data source used is secondary data. Data obtained by accessing the Indonesian stock exchange website. The results of this research indicates significant differences in the abnormal average return before and after the presidential election event so the bigger the event the more influential the Indonesian capital market.

Keywords: *Abnormal Return, Event Study, Presidential Election*

