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Market Reaction to the 2024 Election Results: Prabowo-Gibran's Presidential Announcement (Study on LQ-45 Companies)

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ABSTRACT

This study examines the capital market's reaction to the announcement of Prabowo-Gibran's victory in the 2024 Indonesian presidential election by the General Elections Commission (KPU) using event study methodology. The research focuses on abnormal returns, trading volume activity (TVA), and security return variability (SRV) of companies listed in the LQ-45 index. Data was collected for an event window spanning five days before and after the announcement. The results show no significant changes in abnormal returns, indicating that the market had already priced in the expected outcome prior to the official announcement. Trading volume activity increased slightly but this change was also not statistically significant,suggesting that the announcement did not introduce substantial new information. Similarly, SRV decreased slightly but not significantly, pointing to a relatively stable market reaction. The findings align with the Efficient Market Hypothesis, suggesting that the market had already absorbed the election outcome based on early survey data. These results contrast with previous studies that identified significant market reactions to political events, highlighting the unique nature of investor behavior in this particular event.

Keywords
Capital Market, Abnormal Returns, Trading Volume Activity, Security Return Variability, Event Study

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INTRODUCTION

The capital market plays a crucial role in a nation's economy due to its dual functions: providing a platform for investment and facilitating business funding (Priyambodo & Yunita, 2023). According to Law No. 8 of 1995, Article 1, Paragraph 13, the capital market is a marketplace for trading and public offering of securities. It encompasses public companies, relevant institutions, and professionals, thereby connecting buyers and sellers in transactions involving securities with risks that include profits and losses (Fajar Aribowo & MM, 2024).

Economic instruments such as the capital market are significantly influenced by events that carry informational content, whether economic or non-economic. The capital market's sensitivity to information is heightened as its importance grows within a country's economic framework. Investors rely on this information for rational investment decisions rather than emotional judgments (Dwianto & Yulita, 2019; Priyambodo & Yunita, 2023). Among non-economic events, political occurrences are pivotal. Political stability often correlates with favorable market conditions, boosting investor confidence and stock prices. Conversely, political instability can disrupt market performance (Hansuma & Witono, 2021; Basit & Haryono, 2021).

In Indonesia, a significant political event in 2024 was the announcement of the Prabowo-Gibran victory by the General Elections Commission (KPU) on March 20, 2024, as President and Vice President for the 2024–2029 period. The announcement was based on KPU Decree No. 360/2024, which stated that Prabowo-Gibran secured 96,214,691 votes or 58% of the valid national votes across 36 provinces. This election was seen as a manifestation of democratic practice but was marred by allegations of ethical violations in the Constitutional Court, which sparked public discourse and legal challenges from opposing candidates. Despite controversies, the announcement of Prabowo-Gibran's victory had substantial implications for Indonesia's economic conditions, including the capital market.

Political events often indicate market stability. Stable politics typically enhance economic stability, leading to positive market responses, while instability can disrupt economic and market performance (Raisa et al., 2022). Investors frequently assess political leaders' characteristics to gauge market optimism. A leader's track record shapes investor sentiment and confidence, which in turn affects market dynamics (Nindiah & Sutanto, 2021). The 2024 election results were particularly significant as they set the trajectory for economic policies in the years ahead.

Capital market responses to events can be examined through event studies, which analyze the informational content of occurrences based on abnormal returns, trading volume activity, and security return variability (Hartono, 2018; Sahputra et al., 2022). Abnormal returns reflect market reactions to new information impacting company valuations (Kinasih & Laduny, 2021). Changes in trading volume activity illustrate investors' decision-making adjustments (Rivandini et al., 2022), while variations in security return variability indicate shifts in market-wide perceptions of risk and return (Julianti, 2020).

Previous studies have demonstrated significant capital market reactions to political events. For example, the announcement of President Jokowi's victory in 2019 affected state-owned enterprises listed on the Indonesia Stock Exchange (Akbar et al., 2019). Similarly, political events like the Russia-Ukraine conflict influenced trading activity, reflecting market sensitivity to geopolitical events (Priyambodo & Yunita, 2023). This study aims to examine the capital market's reaction to the announcement of Prabowo-Gibran's victory using event study methodology. It will analyze abnormal returns, trading volume activity, and security return variability before and after the event to determine its informational impact.

RESEARCH METHODE

Types and Sources of Research Data

This research employs a quantitative approach utilizing event study methodology, which is frequently applied in capital market reaction analysis (Suganda, 2018). The study examines differences before and after the announcement of Prabowo-Gibran's 2024 electoral victory by the KPU. Secondary data comprises LQ-45 stocks sourced from the Indonesia Stock Exchange (IDX), including stock prices and trading volume. These data were retrieved from the official IDX website (idx.co.id).

Population And Sample

The study focuses on companies listed in the LQ-45 index as its population. LQ-45 represents firms with the highest market capitalization on the Indonesia Stock Exchange (IDX), reflecting overall market conditions. The sampling method employed is saturated sampling, where all members of the population are included as samples (Amin et al., 2023). Consequently, the research incorporates all companies listed in the LQ-45 index to ensure comprehensive analysis and representation of market dynamics.

Data Collection Techniques

This research employs documentation techniques for data collection, involving analysis of documents, archives, and other relevant written sources (Jailani, 2023). Specifically, data related to stock prices and trading volumes were obtained from the official Indonesia Stock Exchange (IDX) website. The event window spans 11 days, comprising five days before and five days after the March 20, 2024 announcement of Prabowo-Gibran's electoral victory by the General Elections Commission (KPU). Such a window is chosen to minimize the impact of confounding events, following similar periods used by Elga et al. (2022), Manik et al. (2017), and Nida et al. (2020).

Operational Definitions of Variables

Two types of variables are analyzed: independent and dependent. The independent variable is the announcement of Prabowo-Gibran's victory, a significant political event (Sugiyono, 2017). Dependent variables include abnormal return, trading volume activity (TVA), and security return variability (SRV). Abnormal return, defined as the deviation of actual return from expected return, is calculated using the market-adjusted model (Hartono, 2022). TVA measures the total traded value relative to outstanding shares (Liwe et al., 2018). Meanwhile, SRV evaluates return variability, providing insights into market reactions by eliminating confounding effects and assessing event informativeness (Zaqi, 2006).

Data Analysis Methods

This research employs the Generalized Linear Model (GLM) Repeated Measures, an advanced extension of linear regression that does not rely on stringent assumptions, enabling the identification of causal relationships between independent and dependent variables (Ekananda, 2018). Data analysis is conducted quantitatively using SPSS version 27, with hypothesis testing through Repeated Measures ANOVA. Prior to hypothesis testing, the study applies a normality test using the Shapiro-Wilk method, which is suitable for datasets with fewer than 50 samples. Data are considered normally distributed if the p-value exceeds 0.05 (Ahadi & Zain, 2023). Descriptive statistical analysis is used to summarize the data, presenting mean values and standard deviations as a general overview (Martias, 2021).

If normality is confirmed, hypothesis testing proceeds using Repeated Measures ANOVA, evaluating differences in mean values across time periods while relying on Mauchly's Test of Sphericity to assess homogeneity of variances. If sphericity is violated, adjustments such as the greenhouse-geisser correction are applied (Surya et al., 2018). Conversely, if data fail the normality test, the study utilizes the Friedman test, a non-parametric alternative, to analyze differences in mean ranks across multiple groups. Both tests guide decision-making based on p-values, with significant results ($p < 0.05$) indicating differences in observed variables (Sabrina et al., 2023).

RESULT AND DISCUSSION

Descriptive Statistical Analysis

Abnormal Return

Table 1 presents the descriptive statistics for abnormal return (AR) across 45 stocks listed in the LQ-45 index, with a sample size (N) of 45. The highest average abnormal return was recorded on H+5, which is 5 days after the event,

at 0.375225%. This indicates a positive abnormal return, suggesting that the stock prices of the LQ-45 index increased by approximately 0.375225% above expected returns following the announcement of the Prabowo-Gibran victory by the KPU. Conversely, the lowest average abnormal return occurred on H+2, with a value of -0.575539%. This represents a negative abnormal return, implying a decrease in stock returns by -0.575539% below expected levels on the second day after the event. The standard deviations for these returns vary, reflecting the degree of fluctuation in abnormal returns across the days. Overall, the data indicates a mixed market reaction following the announcement, with both positive and negative abnormal returns observed on different days after the event. The results highlight the volatility in investor behavior, as reflected by the variation in abnormal returns in the days following the Prabowo-Gibran announcement.

Table 1.
Results of Descriptive Statistical Analysis of Abnormal Return

Descriptive Statistics (%)					
Days	**N**	**Mean**	**Std. Deviation**	**Minimum**	**Maximum**
H-5	45	0.001412	1.9568156	-4.8651	9.5936
H-4	45	0.112280	1.4894016	-8.2120	1.6652
H-3	45	-0.417574	1.8019705	-1.00474	3.4236
H-2	45	0.165855	1.6731667	-4.8377	7.0032
H-1	45	0.202197	0.9596303	-1.6898	3.6691
H0	45	0.050922	7.0518605	-40.2588	20.6396
H+1	45	-0.208314	1.1964983	-5.3660	2.1557
H+2	45	-0.575539	3.2566354	-20.5519	2.1387
H+3	45	-0.463834	3.5730482	-22.7986	3.4376
H+4	45	-0.095285	1.2073297	-2.1819	6.3502
H+5	45	0.375225	2.7542856	-4.1290	12.4962

Trading Volume Activity

Table 2 presents the descriptive statistics for trading volume activity (TVA) across 45 stocks listed in the LQ-45 index. The highest average TVA occurred on H+5, five days after the event, with a value of 0.432749%, indicating a notable increase in trading volume, representing 0.432749% of the total shares in circulation. Conversely, the lowest average TVA was recorded on H-1, one day before the event, at 0.176048%, reflecting relatively lower trading activity, or 0.176048% of total shares. These findings suggest fluctuating market participation surrounding the event.

Table 2.
Results of Descriptive Statistical Analysis of Trading Volume Activity

Descriptive Statistics (%)					
Days	**N**	**Mean**	**Std. Deviation**	**Minimum**	**Maximum**
H-5	45	0.257539	0.460671	0.033600	3.115300
H-4	45	0.193078	0.285720	0.021100	1.917900
H-3	45	0.278174	0.327173	0.032600	1.951500
H-2	45	0.211999	0.519856	0.022200	3.539700
H-1	45	0.176048	0.288726	0.018500	1.844300
H0	45	0.364493	1.349056	0.028300	8.929800
H+1	45	0.268760	0.603197	0.026700	3.981800
H+2	45	0.234948	0.674309	0.025800	4.381000
H+3	45	0.217492	0.651081	0.016300	4.424100
H+4	45	0.329916	1.375801	0.017200	9.327400
H+5	45	0.432749	2.014010	0.020000	13.614400

Security Return Variability

Table 3 shows the descriptive statistics for security return variability (SRV) across 45 LQ-45 index stocks. The highest average SRV, 3.046, occurred on H-5, five days before the event, indicating higher volatility, likely due to uncertainty and speculation surrounding the presidential election results.

Table 3.
Results of Descriptive Statistical Analysis of Trading Volume Activity

Descriptive Statistics					
Days	**N**	**Mean**	**Std. Deviation**	**Minimum**	**Maximum**
H-5	45	3.04606372	7.156747635	0.005615	42.561914
H-4	45	2.31087451	6.083076936	0.001653	39.130625
H-3	45	2.26601698	6.134395209	0.000076	39.351851
H-2	45	3.02930648	10.346455786	0.000770	68.531300
H-1	45	2.91994630	9.371050152	0.001596	62.510404
H0	45	2.23890604	6.159146932	0.001259	40.783125
H+1	45	2.40160343	7.831344481	0.000170	52.167189
H+2	45	2.53928167	9.331969943	0.000442	62.604172
H+3	45	2.12575320	8.673870685	0.000567	58.504844
H+4	45	2.08470551	5.077855094	0.000298	33.622934
H+5	45	2.79055078	4.646752389	0.000010	26.720519

In contrast, the lowest average SRV, 2.085, was recorded on H+4, four days after the event, suggesting reduced volatility and improved market stability following the official announcement of the presidential election outcome by the KPU. This decline in volatility indicates a positive market response post-announcement.

Normality Test

The normality test in this study utilized the Shapiro-Wilk test, which is suitable for datasets with fewer than 50 observations (Suliyanto, 2011). Data are considered normally distributed if the calculated p-value exceeds 0.05. Conversely, a p-value below 0.05 indicates non-normal distribution. Normally distributed data permit parametric statistical analysis, such as the Repeated Measures test, whereas non-normal data necessitate non-parametric methods like the Friedman test (Surya et al., 2018).

Table 4.
Normality Test

Abnormal Return	***Tests of Normality***		
	Statistic	***Sig.***	**Description**
AAR_Before	0.801	0.083	Normally distributed
AAR_After	0.941	0.672	Normally distributed
Trading Volume Activity	***Tests of Normality***		
	Statistic	***Sig.***	**Description**
ATVA_Before	0.934	0.621	Normally distributed
ATVA_ After	0.904	0.432	Normally distributed
Security Return Variability	***Tests of Normality***		
	Statistic	***Sig.***	**Description**
ASRV_Before	0.832	0.143	Normally distributed
ASRV_ After	0.934	0.621	Normally distributed

For abnormal return, Table above shows p-values of 0.083 (pre-event) and 0.672 (post-event), confirming normal distribution. Similarly, trading volume activity has p-values of 0.621 (pre-event) and 0.432 (post-event), and security return variability shows p-values of 0.143 (pre-event) and 0.621 (post-event). All datasets meet the parametric test assumption, validating the application of the Repeated Measures test for further analysis. These results align with the established statistical guidelines.

Repeated Measures Test

Abnormal Return

The Mauchly's Test of Sphericity for abnormal return revealed a significance value (Sig.) of 0.000, indicating that the data does not meet the assumption of homogeneity of covariance across all observation days. However, a repeated measures test can still be conducted by examining the Greenhouse-Geisser correction (Pritasari et al., 2013). The results of the Tests of Within-Subjects Effects show that the Greenhouse-Geisser significance value is 0.571 ($p > 0.05$), meaning that the null hypothesis (H0) is accepted and there is no significant difference in the mean abnormal returns before and after the announcement of Prabowo-Gibran's victory by the KPU. The effect size, measured by partial eta squared (0.012), indicates a minimal difference in

abnormal returns, suggesting that only 1.2% of the variation is explained by the factor.

Table 5.
Within-Subjects Effects

Tests of Within-Subjects Effects							
Measure: AR							
Source		Type III Sum of Squares	df	Mean Square	F	Sig.	Partial Eta Squared
Day	Sphericity Assumed	0.004	10	0.000	0.534	0.866	0.012
	Greenhouse-Geisser	0.004	1.817	0.002	0.534	0.571	0.012
	Huynh-Feldt	0.004	1.891	0.002	0.534	0.578	0.012
	Lower-bound	0.004	1.000	0.004	0.534	0.469	0.012
Error(Day)	Sphericity Assumed	0.345	440	0.001			
	Greenhouse-Geisser	0.345	79.953	0.004			
	Huynh-Feldt	0.345	83.206	0.004			
	Lower-bound	0.345	44.000	0.008			

The Pairwise Comparisons also indicate that there were no significant differences in abnormal returns between each pair of days, with significance values of 1.000 ($p > 0.05$) across all comparisons.

Table 6.
Pairwise Comparisons

Pairwise Comparisons						
Measure: AR						
(I) Day	(J) Day	Mean Difference (I-J)	Std. Error	Sig.[a]	95% Confidence Interval for Difference[a]	
					Lower Bound	Upper Bound
H-5	H-4	-.001	.005	1.000	-.018	.015
H-4	H-3	.005	.003	1.000	-.005	.016
H-3	H-2	-.006	.003	1.000	-.017	.006
H-2	H-1	.000	.003	1.000	-.012	.011
H-1	H0	.002	.010	1.000	-.034	.037
H0	H+1	.003	.011	1.000	-.038	.043
H+1	H+2	.004	.005	1.000	-.015	.022
H+2	H+3	-.001	.002	1.000	-.009	.006
H+3	H+4	-.004	.007	1.000	-.028	.020
H+4	H+5	-.005	.004	1.000	-.018	.009
Based on estimated marginal means						
Adjustment for multiple comparisons: Bonferroni.						

This suggests that the market did not react significantly to the announcement, as the information had already been incorporated into stock

prices efficiently and quickly. The plot of abnormal returns further reinforces these findings, showing no substantial variations, despite a sharp fluctuation on day H-3. Overall, these results confirm the neutral response of the market to the event.

Trading Volume Activity

The Mauchly's Test of Sphericity for trading volume activity (TVA) indicated a significance value of 0.000 ($p < 0.05$), suggesting that the assumption of homogeneity of covariance was not met across all observation days. Nevertheless, a repeated measures test was still conducted by considering the Greenhouse-Geisser correction (Pritasari et al., 2013). The results of the Tests of Within-Subjects Effects revealed a Greenhouse-Geisser significance value of 0.390 ($p > 0.05$), meaning the null hypothesis (H0) was accepted and there was no significant difference in trading volume activity before and after the announcement of Prabowo-Gibran's victory by the KPU. The partial eta squared value of 0.018 suggests a minimal effect size, with only a 1.8% difference in trading volume activity between the five days before and after the event.

Table 7.
Within-Subjects Effects

Tests of Within-Subjects Effects							
Measure: TVA							
Source		Type III Sum of Squares	df	Mean Square	F	Sig.	Partial Eta Squared
Day	Sphericity Assumed	0.000	10	0.000	0.798	0.630	0.018
	Greenhouse-Geisser	0.000	1.127	0.000	0.798	0.390	0.018
	Huynh-Feldt	0.000	1.136	0.000	0.798	0.391	0.018
	Lower-bound	0.000	1.000	0.000	0.798	0.376	0.018
Error(Day)	Sphericity Assumed	0.015	440	0.000			
	Greenhouse-Geisser	0.015	49.593	0.000			
	Huynh-Feldt	0.015	50.001	0.000			
	Lower-bound	0.015	44.000	0.000			

The Pairwise Comparisons showed that, in general, there were no significant differences in TVA across all days ($p = 1.000$). However, a significant difference was observed between H-4 and H-3 ($p = 0.029$), indicating that an external event may have influenced trading activity on those days.

Table 8.
Pairwise Comparisons

Pairwise Comparisons						
Measure: TVA						
(I) Day	(J) Day	Mean Difference (I-J)	Std. Error	Sig.[a]	95% Confidence Interval for Difference[a]	
					Lower Bound	Upper Bound
H-5	H-4	.001	.000	1.000	-.001	.002
H-4	H-3	-.001	.000	.029	-.002	-.000
H-3	H-2	.001	.000	1.000	-.001	.002
H-2	H-1	.000	.000	1.000	-.001	.002
H-1	H0	-.002	.002	1.000	-.008	.004
H0	H+1	.001	.001	1.000	-.003	.005
H+1	H+2	.000	.000	1.000	-.001	.001
H+2	H+3	.000	.000	1.000	-.001	.001
H+3	H+4	-.001	.001	1.000	-.005	.003
H+4	H+5	-.001	.001	1.000	-.004	.002
Based on estimated marginal means						
Adjustment for multiple comparisons: Bonferroni.						

The plot of trading volume activity supports these findings, showing sharp differences on specific days but no overall significant variation in TVA around the event.

Security Return Variability

The Mauchly's Test of Sphericity for security return variability (SRV) indicated a significance value of 0.000 ($p < 0.05$), implying that the assumption of homogeneity of covariance was violated across all observation days. However, the repeated measures test was still conducted using the Greenhouse-Geisser correction (Pritasari et al., 2013). The results from the Tests of Within-Subjects Effects showed a Greenhouse-Geisser significance value of 0.591 ($p > 0.05$), which led to the acceptance of the null hypothesis (H0) and the rejection of H3, indicating no significant difference in security return variability before and after the Prabowo-Gibran victory announcement by the KPU. The effect size, as measured by partial eta squared, was 0.015, signifying a minimal effect with only a 1.5% variation in security return variability between the five days before and after the event.

Table 9.
Tests of Within-Subjects Effects

Tests of Within-Subjects Effects							
Measure: SRV							
Source		Type III Sum of Squares	df	Mean Square	F	Sig.	Partial Eta Squared
Day	Sphericity Assumed	59.209	10	5.921	0.654	0.767	0.015
	Greenhouse-	59.209	3.188	18.573	0.654	0.591	0.015

	Geisser						
	Huynh-Feldt	59.209	3.466	17.083	0.654	0.604	0.015
	Lower-bound	59.209	1.000	59.209	0.654	0.423	0.015
Error(Day)	Sphericity Assumed	3985.747	440	9.059			
	Greenhouse-Geisser	3985.747	140.267	28.415			
	Huynh-Feldt	3985.747	152.504	26.135			
	Lower-bound	3985.747	44.000	90.585			

The Pairwise Comparisons further confirmed that there were no significant differences in SRV across the observation days, with all significance values being 1.000 ($p > 0.05$). This suggests that the market did not react to changes in security return variability, implying that investors likely adjusted their expectations to align with actual returns. The plot of SRV further supports these findings, showing sharp variations on certain days, but no significant differences overall in the security return variability.

Table 10.

Pairwise Comparisons

Pairwise Comparisons						
Measure: SRV						
					95% Confidence Interval for Difference[a]	
(I) Day	(J) Day	Mean Difference (I-J)	Std. Error	Sig.[a]	Lower Bound	Upper Bound
H-5	H-4	-.256	.771	1.000	-2.998	2.487
H-4	H-3	.735	.708	1.000	-1.785	3.256
H-3	H-2	.045	.435	1.000	-1.504	1.593
H-2	H-1	-.763	.836	1.000	-3.737	2.211
H-1	H0	.109	.512	1.000	-1.714	1.933
H0	H+1	.681	.624	1.000	-1.540	2.902
H+1	H+2	-.163	.389	1.000	-1.547	1.222
H+2	H+3	-.138	.418	1.000	-1.625	1.349
H+3	H+4	.414	.274	1.000	-.562	1.389
H+4	H+5	.041	.614	1.000	-2.145	2.227
Based on estimated marginal means						
Adjustment for multiple comparisons: Bonferroni.						

DISCUSSION

Capital Market Reaction to Abnormal Returns to the Event of Prabowo-Gibran's Victory Announcement by the 2024 Election KPU

The analysis of abnormal returns around the announcement of Prabowo-Gibran's victory by the KPU in the 2024 elections revealed no significant market reaction. Data showed a positive abnormal return of 0.012834% in the five days preceding the announcement (H-5 to H-1), indicating a favorable market expectation of the upcoming result. However, from H+1 to H+4, abnormal returns were negative, averaging -0.19355%. This negative reaction is likely attributed to investor concerns over political conditions and potential policy

impacts under the new administration. Despite these initial fluctuations, the parametric repeated measures test indicated no significant difference in abnormal returns (p-value = 0.571), thus rejecting the first hypothesis (H1) that there would be a significant change in abnormal returns before and after the announcement. This suggests that the market had already priced in the outcome, with many investors anticipating the result based on quick count data from authorized survey agencies, which had already reported Prabowo-Gibran's lead at 58% (KPU RI, 2024).

These findings align with the Efficient Market Hypothesis (Fama, 1970), which posits that stock prices quickly reflect all publicly available information. Consequently, investors had already adjusted their portfolios based on anticipated results, leading to no significant abnormal returns post-announcement. This result contrasts with previous studies, such as Akbar et al. (2019) and Ratnaningsih & Widanaputra (2019), which found significant abnormal returns following election announcements.

Capital Market Reaction to Trading Volume Activity to the Event of Prabowo-Gibran's Victory Announcement by the 2024 Election KPU

The analysis of trading volume activity surrounding the announcement of Prabowo-Gibran's victory by the KPU in the 2024 elections revealed a slight increase in trading volume. The average trading volume in the five days prior to the event was 0.223% of total shares traded, while in the five days following the announcement, it rose to 0.296%, representing an increase of 0.073%. This suggests a positive market reaction, though the increase in trading volume was relatively modest. However, the repeated measures parametric test showed no significant difference in trading volume activity, with a Greenhouse-Geisser value of 0.390 ($p > 0.05$), indicating that the market did not perceive the announcement as containing enough new information to alter trading behavior significantly. Investors seemed to have already anticipated the election result, primarily based on quick count surveys, and did not view the announcement as a game-changer for investment decisions.

These findings directly contradict the second hypothesis (H2), which posited a significant difference in trading volume before and after the announcement. This result contrasts with previous studies, such as Priyambodo & Yunita (2023), who found significant changes in trading volume following the Russia-Ukraine conflict, and Manurung (2019), who identified significant market reactions to the 2019 Indonesian presidential election. The lack of a notable reaction suggests that investors were already positioned based on pre-existing expectations, awaiting further policy signals from the new administration.

Capital Market Reaction to Security Return Variability to the Event of Prabowo-Gibran's Victory Announcement by the 2024 Election KPU

The analysis of security return variability surrounding the announcement of Prabowo-Gibran's victory by the KPU in the 2024 elections revealed a decrease in volatility. The average security return variability was 2.714 in the five days preceding the announcement, whereas it dropped to 2.388 in the five days following the event, showing a reduction of 0.326. This decrease in volatility suggests that, after the announcement, the market responded more positively or with greater certainty, compared to the heightened uncertainty and speculation observed prior to the announcement. Despite the reduction in volatility, it was relatively small, indicating that the market did not experience significant changes in response to the event.

Parametric testing using repeated measures showed no significant difference in security return variability, with a Greenhouse-Geisser value of 0.591 ($p > 0.05$). This indicates that investors did not perceive the event as having substantial new information, and the market remained relatively stable. The findings also suggest that investors had already anticipated the election results based on quick count surveys, leading to a lack of substantial market reaction. These results reject the third hypothesis (H3), which posited a significant difference in security return variability before and after the announcement. This outcome contrasts with previous studies, such as Saragih et al. (2019), which found significant changes in volatility around the 2019 presidential election.

CONCLUSION

This study analyzed the stock market's reaction to the announcement of Prabowo-Gibran's victory by the KPU during the 2024 election period. The results showed no significant market response. The first hypothesis (H1), which expected a difference in abnormal returns before and after the event, was rejected, meaning the announcement did not have an impact on market behavior. This supports the semi-strong form of the efficient market hypothesis, where public information is quickly reflected in stock prices. The second hypothesis (H2), which predicted a change in trading volume activity, was also rejected, suggesting that the election result was already anticipated, so investors didn't change their behavior. Similarly, the third hypothesis (H3), which predicted changes in security return variability, was rejected as well, showing that the announcement did not cause significant fluctuations in the market.

For investors, the study highlights the importance of assessing the relevance of political events when making investment decisions, as many

factors influence stock prices. Future researchers should carefully choose events that have a real impact and ensure they are linked to the sample data to improve the study's accuracy. It is also recommended to consider multiple factors that could affect the market for a more complete understanding of how political events impact stock prices.

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