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**Market Reaction to BI Rate Policy by Bank Indonesia in 2024
Using GLM-Repeated Measures: A Study of Property and Real
Estate Companies on the Indonesia Stock Exchange**

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ABSTRACT

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This study focuses on examining the market reaction to the BI Rate increase on April 24, 2024 and the BI Rate decrease on September 18, 2024 in property and real estate sector companies listed on the Indonesia Stock Exchange. This study aims to analyze the market reaction to the BI Rate policy event by Bank Indonesia in 2024. This research uses a type of quantitative research using an event study approach. The method used is the General Linear Model (GLM) with Repeated Measures to test differences in Abnormal Returns and trading volume activity before and after the BI Rate policy announcement. Based on the sample taken, namely Property and Real Estate sector companies, 74 research samples were obtained using a window period of 7 days before and 7 days after the event. The results showed that there was no significant difference in Abnormal Returns and trading volume activity before and after the BI Rate increase and decrease. The findings indicate that there is no capital market reaction or in other words the BI Rate policy event by Bank Indonesia in 2024 has no information content that can be absorbed by investors.

Event Study, Abnormal Return, Trading Volume Activity, BI Rate

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INTRODUCTION

The financial system relies on the capital market to trade securities and transfer cash from investors to firms. Companies may issue financial instruments to seek finance, while investors have several investment possibilities. The capital market finances businesses and facilitates public investment (Pranyoto, 2018). It efficiently distributes excess cash to productive industries, boosting national economic development. Jamil et al. (2021) emphasize capital markets' dual role in business finance and public investment. Issuers use capital market funding to expand (Mahisidi et al., 2022). Stock prices are a major indicator of investor mood and market dynamics. The market's response to stock prices shows how investors react to fresh information,

impacting market behavior. Information availability and diffusion generate market activity and price volatility, which investors utilize to make decisions.

Investors may see important information in real-world financial markets according to firm-specific and macroeconomic circumstances (Fajarwati & Nurasik, 2021). Capital markets reflect macroeconomic events since investment values depend on predicted cash flows and returns, according to Tandelilin (2018). The Efficient Market Hypothesis (EMH) states that securities prices reflect all important information quickly. The semi-strong variant of EMH states that stock prices include past price data and all publicly accessible information (Alam & Chavali, 2020). Interest rates are a key macroeconomic element affecting investor behavior. Fabozzi et al. (1999) define interest rates as borrowers' capital costs. Interest rate hikes shift equity investments to money markets, lowering stock demand (Suganda, 2018). High interest rates raise corporate borrowing costs, which may lower net income, profits per share, and share prices (Pratiwi & Wirakusuma, 2018). Central banks modify interest rates in reaction to economic circumstances.

Market responses to Bank Indonesia's benchmark interest rate (BI Rate) changes are common. Commercial banks base lending and deposit rates on the BI Rate, which affects inflation, currency rates, and economic development. Bank Indonesia experienced major internal and international issues in 2024. On April 24, 2024, the central bank increased the BI Rate by 25 basis points to 6.25%, then decreased it to 6.00% on September 18, 2024. These changes were mostly due to global economic events, especially U.S. macroeconomic statistics (Bank Indonesia, 2024). The Indonesia Composite Stock Price Index (IHSG) before and after BI Rate announcements. Within two days of the rate rise, the IHSG fell, indicating a market reaction. In contrast, the September rate drop was followed by a brief hike, showing a favorable response. These findings suggest the Indonesian capital market is sensitive to monetary policy. The Property and Real Estate sector underperformed other sectors, with the IDXPROPERT index falling 10.45% by April 30, 2024. The fall outpaced cyclical (-5.76%) and non-cyclical (-4.60%) sectors. Mortgage lending, which costs more when rates rise, makes the Property and Real Estate industry vulnerable to interest rate hikes. Thus, consumer demand and firm performance fall, making the sector susceptible to monetary policy changes.

The Residential Property Price Index (IHPR) supporting the trend. In 2024, IHPR growth fell from 1.89% in Q1 to 1.39% in Q4. Property prices, particularly in smaller housing sectors, have fallen due to rising interest rates slowing house demand (Bank Indonesia, 2024). To evaluate the 2024 BI Rate policy, the research examines the Property and Real Estate industry.

This study uses Abnormal Return (AR), the difference between actual returns and predicted returns from fresh information, to assess market responses (Samsul, 2006). Positive ARs imply investor optimism and profit chances, whereas negative ARs reflect investor confidence drop (Wistawan, 2014). ARs may indicate policy announcement leakage or market inefficiencies. Early investors may get positive ARs if markets don't instantly reflect interest rate changes in asset values. If rate rises significantly reduce consumer demand and property prices, negative ARs may result. These results show that investor reactions vary and that market behavior is important for monetary policy.

Market reactions to macroeconomic shocks are varied in previous research. Safira et al. (2024) showed large ARs in the banking sector after BI7DRR rises, while Nerlinger and Utz (2022) found comparable impacts in the energy sector during the Russia-Ukraine war Mailangkay et al. (2021) found no market response to COVID-19 social constraints on hospitality enterprises, while Merta and Putra (2024) found no market reaction to a U.S. Federal Reserve rate increase for LQ45 firms. Trading Volume Activity (TVA) and AR indicate market response. Large trade volumes indicate investor interest and often foreshadow price swings. TVA helps predict if a pricing trend will continue or reverse. Azis et al. (2015) say growing TVA implies optimistic sentiment and investor confidence in a stock's future. Some research show TVA responds to interest rate announcements. Due to a paucity of market information, Frikasih et al. (2022) identified no substantial TVA adjustments after U.S. Federal Reserve rate rises. In alternate markets, Rahayu (2023) identified no TVA disparities after the EU coal ban declaration.

A statistical approach called the General Linear Model (GLM) with Repeated Measures is used to examine changes in dependent variables (AR and TVA) across numerous time periods to systematically analyze these dynamics. GLM is ideal for evaluating independent variables while adjusting for confounding effects. Repeated Measures design incorporates within-subject variability, making pre- and post-event effects analysis more exact. This analytical approach tackles the main study question: if the 2024 BI Rate policy caused statistically significant variations in Property and Real Estate Abnormal Return and Trading Volume Activity. By repeating data for the same businesses, the model controls unit-level heterogeneity and strengthens conclusions.

Given the conflicting results of previous studies, this study seeks to experimentally examine the market's reaction to BI Rate policy events in 2024. Focusing on the Property & Real Estate industry, which is susceptible to interest rate swings, and utilizing sophisticated statistical methods to get insights adds

to the literature. The findings can help investors enhance portfolio strategies and future scholars study macroeconomic effects on capital markets.

RESEARCH METHODE

Type of Research

This research employs residual analysis or the anomalous performance index test to analyze market responses to publicly reported events (Hartono, 2022). This method is used to evaluate Bank Indonesia's BI Rate announcements—specifically the rate rise on April 24, 2024, and the rate drop on September 18, 2024—on stock market behavior. Seven trading days before, seven trading days during, and seven trading days following the event allow for concentrated study and minimize confusing occurrences.

Population and Sample

The population in this study consists of 92 companies within the Property and Real Estate sector listed on the Indonesia Stock Exchange (IDX) in 2024. The sample was selected through purposive sampling, targeting firms that met specific criteria relevant to the research period. A total of 74 companies were identified as eligible for analysis. Data were collected using documentation techniques, resulting in secondary quantitative data, including daily stock prices, trading frequencies, daily trading volumes, and public share distributions. Inclusion criteria required firms to be listed in the Property and Real Estate index, remain free from suspension or delisting, and not undertake corporate actions during the observation period.

Operational Definition of Variables

Abnormal Return is defined as the difference between a stock's actual return and its expected return, serving as an indicator of the market's response to new information (Rahayu, 2023). The actual return is calculated by comparing the stock's closing price at a given time to its previous closing price, using the formula $R_{it} = \frac{P_t - (P_{t-1})}{P_{t-1}}$. The expected return is estimated using the market model: $E(R_{i,t}) = \alpha_i + \beta_1 \cdot R_{Mt}$. The abnormal return is then calculated as $AR_{i,t} = R_{i,t} - E(R_{i,t})$, capturing deviations caused by specific events. To observe general market behavior, the Average Abnormal Return (AAR) is computed by averaging individual abnormal returns across all sampled companies.

Trading Volume Activity (TVA) is a variable used to measure investor interest by comparing the trading volume of a stock to the total number of its publicly outstanding shares during the observation period (Suganda, 2018). TVA is computed using the formula below.

$$TVA = \frac{\text{Volume of stock traded at time } t}{\text{Outstanding shares at time } t}$$

Data Analysis Techniques

This research analyses market behavior to BI Rate policy announcements using multiple statistical methods. Descriptive statistics summarize the lowest, maximum, mean, and standard deviation values of Abnormal Return and Trading Volume Activity to provide an overview of the dataset (Ghozali, 2016). It helps uncover trends and anomalies by providing a rudimentary grasp of data features. Inferential statistical processes are tested for normality using the Shapiro-Wilk method. Parametric hypothesis testing is used if the data distribution is normal ($p\text{-value} > 0.05$). If the assumption is broken ($p\text{-value} < 0.05$), non-parametric tests like Friedman are used.

The Repeated Measures ANOVA is used for hypothesis testing when data are normal and the same participants are assessed repeatedly under various circumstances or time periods (Creswell, 2012). The Mauchly's Test of Sphericity assesses variance homogeneity. If the assumption is satisfied ($p > 0.05$), the Sphericity Assumed technique is utilized. If not, Greenhouse-Geisser adjustments are used. The Friedman test, a nonparametric alternative to normality, detects variations in paired data (Gio et al., 2018). If significant differences ($p < 0.05$) are observed, the Wilcoxon Signed-Rank Test is used to post-hoc analyze pairwise differences. The adjusted significance threshold for this test is 0.05 divided by the number of comparisons ($0.05/14 = 0.004$), per Field (2009). A Wilcoxon $p\text{-value} < 0.004$ implies a statistically significant market behavior change before and after the BI Rate announcement.

RESULT AND DISCUSSION

This quantitative study uses the event study technique to compare periods before and after a particular occurrence. The 2024 Bank Indonesia BI Rate policy statement is under examination. The study focuses on Property and Real Estate using secondary data from the Indonesia Stock Exchange. The BI Rate rise on April 24, 2024, and the fall on September 18, 2024, are evaluated using Abnormal Return and Trading Volume Activity. SPSS 27 is used for analysis. Data processing starts with a normality test to identify the statistical approach. Parametric testing using Repeated Measures ANOVA is used for normally distributed data. If data are not normally distributed, the non-parametric Friedman test is used (Ghozali, 2016).

Descriptive Statistical Analysis

Abnormal Return

The descriptive statistical analysis in Table below shows that the Abnormal Return variable for the April 24, 2024 BI Rate hike event comprises 68 observations from Indonesia Stock Exchange-listed Property and Real Estate companies. The greatest average Abnormal Return was 0.0104 on the fourth day after the release, showing a modest positive return for certain sector stocks. However, the lowest average Abnormal Return of -0.0153 happened six days before the announcement, indicating a little reduction in predicted returns. The average pre-event Abnormal Return was -0.0037, indicating modest market negativity. The average return rose to 0.0067 on event day, suggesting a favorable market reaction. However, the average post-event return plummeted to 0.0006, indicating that the BI Rate rise did not maintain anomalous returns. These results imply that the market did not see the BI Rate hike as a major informative event that may change sector investment behavior.

Table 1.
Results of Descriptive Statistical Analysis of Abnormal
Return April 24, 2024 BI Rate Increase

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
H-7	68	-.0735	.3540	.0057	.0544
H-6	68	-.1148	.1028	-.0153	.0384
H-5	68	-.1801	.1213	-.0089	.0431
H-4	68	-.0748	.2138	-.0013	.0446
H-3	68	-.0522	.0330	-.0094	.0195
H-2	68	-.1425	.1074	-.0018	.0332
H-1	68	-.1524	.2549	.0051	.0489
<i>X mean</i>	68	-.1129	.1696	-.0037	.0403
H0	68	-.0670	.2244	.0067	.0411
H+1	68	-.1739	.0979	-.0007	.0374
H+2	68	-.2125	.1008	-.0006	.0430
H+3	68	-.1140	.1124	.0024	.0397
H+4	68	-.1100	.2299	.0104	.0499
H+5	68	-.2111	.1328	-.0069	.0415
H+6	68	-.1600	.0789	-.0064	.0324
H+7	68	-.1434	.2498	.0062	.0471
<i>X mean</i>	68	-.1607	.1432	.0006	.0416

Table 2 shows the descriptive data for the Abnormal Return for the September 18, 2024 BI Rate drop event with 70 observations. The greatest average return was 0.0011 on the event day, indicating a little positive return. The lowest average return was -0.0145 four days following the announcement, showing a little drop in projected returns. Before the occurrence, the average Abnormal Return was -0.0054, indicating market pessimism. The

announcement day had a little positive response, but the average post-event return dropped to -0.0062. The BI Rate drop did not cause a statistically significant Abnormal Return, supporting the idea that the market had priced in the anticipated policy adjustment.

Table 2.
Results of Descriptive Statistical Analysis of Abnormal Returns
September 18, 2024 BI Rate Decrease

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
H-7	70	-.1049	.0974	-.0078	.0329
H-6	70	-.1216	.3506	.0007	.0568
H-5	70	-.0873	.3456	-.0013	.0583
H-4	70	-.1167	.3100	-.0047	.0613
H-3	70	-.1146	.0832	-.0015	.0349
H-2	70	-.2078	.0799	-.0145	.0462
H-1	70	-.2276	.0780	-.0085	.0403
<i>X mean</i>	70	-.1401	.1921	-.0054	.0472
H0	70	-.0975	.2466	.0011	.0449
H+1	70	-.1235	.1134	-.0039	.0368
H+2	70	-.2931	.0790	-.0089	.0476
H+3	70	-.0833	.2892	.0007	.0459
H+4	70	-.1281	.0725	-.0145	.0369
H+5	70	-.1205	.0839	-.0117	.0367
H+6	70	-.1155	.0952	-.0034	.0347
H+7	70	-.0821	.0945	-.0014	.0281
<i>X mean</i>	70	-.1352	.1182	-.0062	.0381

Trading Volume Activity

Table 3 shows Descriptive Statistics of Trading Volume Activity (TVA) after the April 24, 2024 BI Rate hike. This report includes 68 Indonesia Stock Exchange-listed Property & Real Estate businesses. The highest average TVA was 0.0025 two days after the occurrence, showing a larger stock trading activity than total outstanding shares. The lowest average TVA of 0.0006 happened six days following the announcement, indicating little market activity. The average TVA was 0.0013 pre- and post-event for seven days. These findings indicate that the BI Rate rise did not materially change sector trading behavior. TVA did not rise, suggesting investors expected the interest rate hike, suppressing market response.

Table 3.
Descriptive Statistical Analysis Results Trading Volume
Activity April 24, 2024 BI Rate Increase

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
H-7	68	.0000	.1165	.0022	.0141
H-6	68	.0000	.0385	.0013	.0048

H-5	68	.0000	.0211	.0008	.0027
H-4	68	.0000	.0382	.0012	.0049
H-3	68	.0000	.0170	.0009	.0026
H-2	68	.0000	.0178	.0009	.0030
H-1	68	.0000	.0430	.0017	.0060
$\bar{X}$ mean	68	.0000	.0417	.0013	.0054
H0	68	.0000	.0672	.0017	.0083
H+1	68	.0000	.0199	.0010	.0030
H+2	68	.0000	.1297	.0025	.0157
H+3	68	.0000	.0498	.0016	.0068
H+4	68	.0000	.0330	.0015	.0051
H+5	68	.0000	.0136	.0010	.0025
H+6	68	.0000	.0116	.0006	.0018
H+7	68	.0000	.0172	.0010	.0025
$\bar{X}$ mean	68	.0000	.0393	.0013	0.0053

Based on a sample of 70 enterprises, Table 4 shows TVA descriptive data during the September 18, 2024 BI Rate drop. The highest average TVA was 0.0039 three days before the incident, and the lowest was 0.0020 four days after. The average TVA before the event was 0.0028, as on announcement day. After the incident, this value dropped 10.7% to 0.0025. This little drop shows that trade activity did not respond strongly to the rate lowering. Lower interest rates were expected to boost investor interest in the industry, but trade volumes remained constant. This supports the idea that the policy change was priced in before announcement.

Table 4.
Results of Descriptive Statistical Analysis of Trading Volume Activity 18
September 2024 BI Rate Decrease

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
H-7	70	.0000	.0400	.0030	.0068
H-6	70	.0000	.0187	.0025	.0044
H-5	70	.0000	.0262	.0024	.0047
H-4	70	.0000	.0477	.0030	.0080
H-3	70	.0000	.1262	.0039	.0162
H-2	70	.0000	.0254	.0023	.0052
H-1	70	.0000	.0334	.0024	.0058
$\bar{X}$ mean	70	.0000	.0454	.0028	.0073
H0	70	.0000	.0529	.0028	.0075
H+1	70	.0000	.0547	.0037	.0097
H+2	70	.0000	.0405	.0027	.0067
H+3	70	.0000	.0160	.0021	.0040
H+4	70	.0000	.0333	.0020	.0047
H+5	70	.0000	.0399	.0022	.0056
H+6	70	.0000	.0484	.0024	.0069
H+7	70	.0000	.0616	.0022	.0076

$\overline{X\text{ mean}}$	70	.0000	.0421	.0025	.0065
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Normality Test

To assess whether data follow a normal distribution and choose parametric or non-parametric tests, the normality test is essential in statistical analysis. The Shapiro-Wilk test was used to determine the normality of the Abnormal Return and Trading Volume Activity variables, since a significance value larger than 0.05 suggests a normally distributed dataset (Ghozali, 2016). Abnormal Return, connected to the April 24, 2024 BI Rate hike, has pre- and post-event significance levels of 0.000. The BI Rate decline on September 18, 2024 has significance levels of 0.000 (pre-event) and 0.001 (post-event). All values below 0.05 indicate that the data do not fit the normality assumption. The non-normal residual distribution prevented parametric testing like repeated measures ANOVA, hence the non-parametric Friedman test was used to analyze Abnormal Return in response to both occurrences.

Trading Volume Activity (TVA) normalcy test findings differed. After stabilizing variance and improving data distribution using a natural logarithm transformation, TVA's Shapiro-Wilk significance values before and after the BI Rate increase were 0.396 and 0.136, respectively, above 0.05. For the BI Rate drop event, pre- and post-event significance values were 0.189 and 0.635. The TVA data were normally distributed, satisfying the parametric testing assumption. Therefore, repeated measures ANOVA was used to analyze TVA in response to both monetary policy occurrences. Parametric analysis for TVA shows enhanced data quality post-transformation and validates inferential approaches (Ghozali, 2016). These results emphasize the need of data pretreatment and assumption testing in event study statistical methodology selection.

Friedman Test and Wilcoxon Test

This work used the Friedman test, a non-parametric statistical approach, to examine paired sample differences when the assumption of normal distribution was broken, making repeated measures ANOVA problematic (Gio et al., 2018). This test checks for statistically significant differences between three or more related group means. The Friedman test was used to evaluate anomalous returns before and after the 2024 Bank Indonesia (BI) Rate hike and drop. The Friedman test statistic for the April 24, 2024 BI Rate rise was 0.467 ($p > 0.05$), showing no statistically significant anomalous returns. This shows the capital market did not respond strongly to the interest rate rise. The Friedman test was followed by the Wilcoxon signed-rank test to confirm these results. The comparison between six and seven days before the incident indicated a

significant response ($p = 0.002 < 0.004$), whereas the remaining pairings showed no aberrant market activity (Field, 2009).

On September 18, 2024, the BI Rate reduction followed a similar path. At 0.811 ($p > 0.05$), the Friedman test showed no significant difference in anomalous returns before and after the incident. This reinforces the idea that the market did not react substantially to the monetary policy adjustment. All Wilcoxon test p-values exceeded the modified threshold of 0.004. Thus, neither the BI Rate nor its change have caused substantial abnormal return changes. According to the semi-strong Efficient Market Hypothesis (Fama, 1970), the market may have anticipated monetary policy moves and incorporated the projected results into asset prices. Such results also show that Bank Indonesia's interest rate announcements throughout the research period did not effect market participants.

Repeated Measures Test

Repeated Measures ANOVA is suitable for measuring the same participants over many conditions or time periods (Field, 2009). This strategy increases statistical power by accounting for within-subject variability. Mauchly's Test tests the premise of sphericity—equal variances across conditions. With a significance value over 0.05, the assumption is satisfied, and the “Sphericity Assumed” row may be used for analysis. If the p-value is less than 0.05, the sphericity assumption is broken and the Greenhouse-Geisser correction is needed. This research used Repeated Measures ANOVA to examine TVA fluctuations after Bank Indonesia (BI) rate announcements on April 24 and September 18, 2024.

The data failed the sphericity assumption for the April 24, 2024, BI Rate rise event, according to Mauchly's Test of Sphericity ($p = 0.000$). In the Within-Subjects Effects study, the Greenhouse-Geisser correction was applied. Greenhouse-Geisser correction values above 0.05 with a significance value of 0.366. This shows that the market did not demonstrate anomalous trading activity in reaction to the BI Rate rise since TVA did not vary significantly between days. Pairwise comparisons also showed 1.000 p-values across all daily intervals, confirming that trade volume did not change before and after the announcement. This suggests the capital market did not respond strongly to the interest rate policy shift.

For the September 18, 2024, BI Rate cut, Mauchly's Test likewise yielded a significant result ($p = 0.000$), implying a sphericity violation. Thus, the Greenhouse-Geisser corrected data were reanalyzed and found 0.450 significant. This number is more than 0.05, hence the null hypothesis cannot be rejected, implying TVA was not significantly different before and after the

occurrence. For all days, pairwise comparisons produced p-values of 1.000, suggesting no significant trade volume changes. The Indonesian stock market does not react abnormally to interest rate increases or decreases. According to the Efficient Market Hypothesis, markets swiftly assimilate all available information, such results may indicate that investors anticipated and priced in monetary policy moves. Since the TVA was generally steady, the BI rate modifications had no statistically significant effect.

Market reaction to Abnormal Return of Property and Real Estate Sector Companies in the BI Rate Increase and Decrease Event by Bank Indonesia

The market's response to Bank Indonesia's BI Rate adjustment, particularly regarding Abnormal Returns in the Property and Real Estate sector, appears to be statistically insignificant overall. Based on the Friedman test, the observed significance value of 0.467 exceeds the 0.05 threshold, leading to the rejection of the first hypothesis. This result suggests that there was no meaningful difference in average Abnormal Returns before and after the BI Rate hike on April 24, 2024. However, the Wilcoxon Signed-Rank test indicated significant Abnormal Returns on days -7 and -6 before the official announcement, with a p-value of 0.002, which falls below the corrected significance level of 0.004. This early response may indicate investor anticipation or potential leakage of sensitive information. Despite these pre-announcement movements, no statistically significant returns were found on the announcement day or in subsequent days, suggesting that investor behavior remained stable around the policy event.

These findings imply that the BI Rate increase had been largely anticipated or previously factored into investor decision-making. The outcome aligns with the Efficient Market Hypothesis (Fama, 1970), which posits that stock prices fully reflect all publicly available information, making markets less responsive to predictable events. The Property and Real Estate sector, known for its sensitivity to interest rate movements due to its reliance on long-term financing (Gunarti, 2018), showed no notable change, indicating that the rate hike lacked surprise or informational content. This pattern supports the results of Indrawan and Dewi (2023), who similarly found no significant change in Abnormal Returns within this sector in response to BI Rate announcements. Furthermore, Frikasih et al. (2023) found no substantial market reaction to U.S. Federal Reserve rate hikes on the NASDAQ 101, reinforcing the view that markets tend not to react to anticipated monetary policy adjustments.

Similarly, the second hypothesis, which examined market reactions to the BI Rate decrease on September 18, 2024, through Abnormal Returns, was also rejected. The Friedman test yielded a significance value of 0.811, well above the

0.05 threshold, and all Wilcoxon test p-values surpassed the adjusted cut-off of 0.004. This further confirms that there were no significant Abnormal Return differences before or after the rate decrease. Much like the April event, the market exhibited no abnormal performance shifts in response to the policy action, suggesting that investors had already internalized expectations regarding the BI Rate adjustment. Merta and Putra (2024) similarly reported no significant changes in Abnormal Returns in the LQ45 index around U.S. interest rate hikes, concluding that such monetary policy developments were not viewed as strong signals by Indonesian investors. In both cases, the market's calm and measured response reinforces the principle that well-anticipated macroeconomic policies do not elicit strong or sudden market reactions in an efficiently functioning capital market.

Market reaction to Trading Volume Activity of Property and Real Estate Sector Companies in the BI Rate Increase and Decrease Event by Bank Indonesia

The analysis of Trading Volume Activity (TVA) in response to Bank Indonesia's BI Rate adjustments—both the increase on April 24, 2024, and the decrease on September 18, 2024—revealed no statistically significant market reaction from the Property and Real Estate sector. The Repeated Measures ANOVA test for the BI Rate hike yielded a Greenhouse-Geisser significance value of 0.366, which exceeds the 0.05 threshold, leading to the rejection of the third hypothesis. Similarly, the fourth hypothesis concerning the BI Rate reduction was also rejected, with a Greenhouse-Geisser significance value of 0.450. These findings suggest that the TVA remained largely unchanged before and after the respective monetary policy announcements, indicating that neither event provided sufficient new or impactful information to alter investor trading behavior.

Pairwise Comparisons across the 7-day periods before and after both the rate hike and the rate cut consistently yielded significance values of 1.000, further confirming the absence of any meaningful variance in trading volumes. This consistent lack of change implies that the market had anticipated both the increase and the decrease in the BI Rate, and had already factored in their implications prior to the official announcements. According to the Efficient Market Hypothesis (Fama, 1970), asset prices and trading activities in efficient markets swiftly incorporate all publicly available information, leaving minimal room for post-announcement adjustments unless new and unexpected data are introduced. This interpretation is consistent with Mailangkay et al. (2021), who observed no significant TVA changes in the hospitality sector following the implementation of PSBB (Large-Scale Social Restrictions), citing insufficient

informational impact. Likewise, Safira et al. (2024) found no notable changes in TVA in response to BI 7-Day Reverse Repo Rate alterations, emphasizing that investor behavior remains unaffected in the absence of strong informational signals.

Although, in theory, lower interest rates are expected to reduce borrowing costs, stimulate consumer purchasing power, and enhance investment in capital-intensive sectors such as property, the empirical data suggest otherwise. The stability in trading activity across the observation periods reflects a broader market sentiment that the BI Rate adjustments were either predictable or lacked the novelty needed to trigger trading shifts. Investors may have preemptively adjusted their strategies, leading to subdued transactional activity even in sectors traditionally sensitive to interest rate fluctuations. These findings underscore the market's efficiency in assimilating policy information and its reliance on substantive, unexpected news to prompt tangible shifts in trading behavior.

CONCLUSION

The findings of this study demonstrate that the capital market did not exhibit a significant reaction to the BI Rate policy announcements made by Bank Indonesia in 2024, particularly within the Property and Real Estate sector. Across all hypotheses tested, neither Abnormal Return nor Trading Volume Activity showed significant changes surrounding the events of interest. This indicates that investors may not have perceived the interest rate adjustments – both the increase in April and the decrease in September – as containing new or impactful information. The market's lack of response suggests that such monetary policy changes were likely anticipated and already factored into investor expectations prior to the official announcements. Consequently, the events did not lead to sudden shifts in stock returns or trading behavior within the sector under study.

Based on these outcomes, it is advisable for investors not to rely solely on macroeconomic indicators such as interest rate changes when making investment decisions in the Property and Real Estate sector. Instead, they should consider a broader range of variables including consumer demand, fiscal policy, and company-specific fundamentals. For future researchers, this study highlights the importance of selecting event windows and samples that are closely linked to the economic events being examined. Moreover, incorporating additional variables such as security return variability may yield more nuanced insights into market reactions.

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