INDONESIAN CAPITAL MARKET REACTION TO THE 2020 US PRESIDENTIAL ELECTION EVENT

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Abstract

This study aims to determine the reaction of the Indonesian Capital Market to the 2020 United States Presidential election. By using the event study method to calculate and analyze differences in *Average Abnormal Return (AAR), Average Trading Volume (TVA)* and *Average Bid-ask Spread (ABAS)* during the United States Presidential Election event. The population used is companies listed in the LQ-45 Index with a sample of 39 companies taken with *purposive sampling* technique. The observation period in this study was 10 working days consisting of 5 days before the event and 5 days after the event. The results found that there were no significant differences in AAR, ATVA and ABAS in the LQ-45 Index. Tests on sectors in the LQ-45 Index show varying results. There are significant ATVA differences in the consumer goods industry sector and in the property, real estate and building construction sector. There are also significant differences in ABAS in the financial, mining and property, real estate and building construction sectors. These results indicate that in some sectors listed in the LQ45 Index, information on the United States Presidential election signals *good news* to the market in Indonesia so that the market reacts positively around the study period. This study provides implications for investors in making investment decisions, especially during political events.

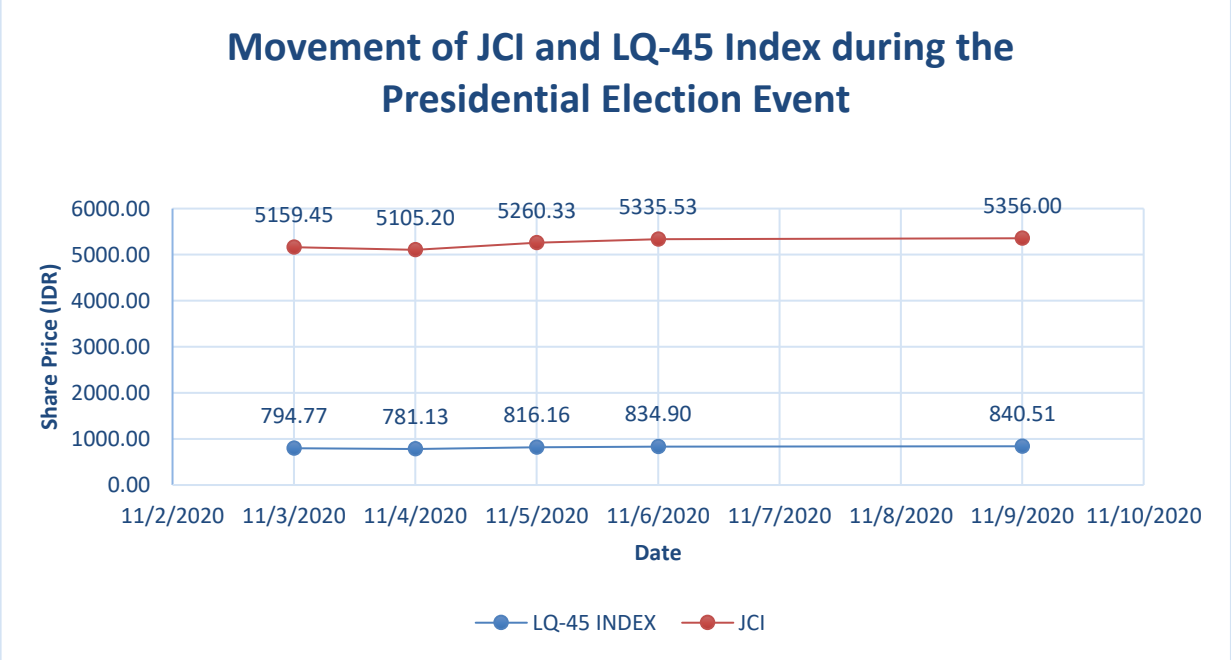
Keywords: event study, presidential election, abnormal return, trading volume activity, bid-ask spread

INTRODUCTION

The capital market is an opportunity for companies to obtain long-term capital by selling stocks and/or bonds, and an opportunity for investors to invest long-term by buying stocks and/or bonds from the capital market. The capital market has an important for a country's economy because the capital market has two main functions, namely as a means for business or a means for companies to funds from the investor community. In Law Number 8 of 1995 concerning the Capital Market provides a more specific understanding where the Capital Market is an activity related to the Public Offering and trading of Securities, Public Companies related to Securities issued by them, as well as institutions and professions related to Securities**.**

The capital market as an economic instrument cannot be separated from various environmental influences, both from the economic and non-economic environment. The influence of the non-economic environment is influenced by political events, such as presidential elections, legislative elections, changes in government, announcements of cabinet ministers, political riots, wars and other events that greatly affect the price and volume of trading on the stock exchange because political events are closely related to the stability of the country's economy. Although political events do not have a direct relationship with the market, political events are considered as one of the main factors that can affect the capital market. (Sajid Nazir et.al., 2014 &). Political events can affect the capital market and can cause the rise and fall of prices in the capital market. For investors, political events can be used as a source of information that can influence investors' investment decisions because political turmoil has an impact on the economic stability of a country.

In the concept of efficient market *hypothesis*, a market can be said to be efficient if stock prices quickly fully reflect all new and relevant information or in other words, whether or not a market is efficient can be seen from the speed of market participants in responding to all information (Fama, 1970). (Fama, 1970). *Signaling theory* is related to information that provides value or benefits to investors, but the signal can also mean that it does not provide any meaning. *Signaling theory was* first introduced by Spence in his research entitled *Job Market Signaling.* Spence (1973) suggests that the owner of the information seeks to provide a signal to provide relevant pieces of information so that the information can be utilized by the recipient. One of the political events that can affect stock prices in the market is the presidential election. The election of the President of the United States attracts the attention of the world community because the policies of the elected President will not only affect his country but can affect the entire world, including Indonesia. In early November 2020, to be precise on Tuesday, November 03, 2020, the United States held its 59th Presidential General Election. The general election was followed by two candidates, namely Joe Biden who ran with Kamala Harris from the Democratic Party and Donald Trump who ran with Mike Pence from the Republican Party.



Source*: yahoo finance*, (2022)

The movement of JCI and LQ-45 Index during the Presidential Election Event USA

In early November 2020, to be precise on Tuesday, November 03, 2020, the United States held its 59th Presidential Election. The election was participated by two candidates, Joe Biden who ran with Kamala Harris from the Democratic Party and Donald Trump who ran with Mike Pence from the Republican Party. The US election results where Joe Biden and Kamala Harris won with 290 votes was enough to bring positive winds to the market. Better global economic conditions are expected from the president-elect. Meanwhile, Donald Trump is seen as creating more global uncertainty due to his harsh policies and statements during his previous term as President of the United States. Biden's leadership is expected to improve tensions and trade negotiations between the United States and China better than when led by Donald Trump. In addition, Joe Biden also offered $2.5 trillion in fiscal stimulus to his country in contrast to Donald Trump who only provided $334 billion between 2021 and 2024.

One of Joe Biden's policies to raise corporate taxes will certainly reduce the net income of companies in America. Investors looking to invest in the US stock market may not respond well to this. However, this also opens up opportunities for those investors to invest their funds in emerging markets, including Indonesia. US election developments are always monitored in the market. The Jakarta Composite Index (JCI) itself responded to the election day of the President and Vice President of the United States. This can be seen on November 04, 2020 when the JCI closed its trading price at IDR

5,105.20. This closing price was down 54.25 points from the previous day's closing price. This happened because on that day the provisional results for Donald Trump were superior and considered to have the potential to win the election. Things changed when Joe Biden was able to win electoral votes in the region that was considered the source of Donald Trump's votes to win the election. The euphoria of Joe Biden's victory excited the world's stock markets, and Indonesia was no exception. After Joe Biden's victory, JCI strengthened on November 05 and 06, 2020 until the beginning of trading on November 09, 2020 when the flow of foreign investors entered the JCI. On the day of the announcement of Joe Biden's victory results on November 09, 2020, both the JCI and the LQ-45 index experienced a significant strengthening again. The JCI closed November 09, 2020 at Rp 5,356.00 touched a of Rp 5,395.71 on the same trading day. The strengthening was experienced by the LQ-45 index which was at Rp 781.13 at the close of trading on November 4, 2020 and experienced a strengthening on November 09, 2020 or at the time of Joe Biden's victory announcement of Rp 840.51. The strengthening continued until the close of trading on November 11, 2020 at IDR 880.02.

Research conducted by Saraswati and Mustanda (2018) found that the market reacted around the announcement of the results of the general election vote count and the inauguration of the President of the United States. Likewise, the results of research conducted by Aryani and Adriyani (2018) where the results show that the value of spreads, stock prices and the volume of stock trading activity in Indonesia before and after the United States election event has a significant difference and decreases. While the value of spreads, stock prices and the volume of stock trading activity in the United States market before and after the election event has a significant difference and tends to increase. Khanthavit's research results (2021) also showed significant negative results for the election, the final results of the election, and the inauguration of the president of the United States on the Thai capital market. Different research results were conducted by Hasim and Mosallamy (2020) where the US presidential election had no significant impact on stock market volatility in Egypt and the United States. Likewise, research conducted by Linn, Urban and Hoffmann (2021) where there was no significant difference in Joe Biden's victory as President in the United States market.

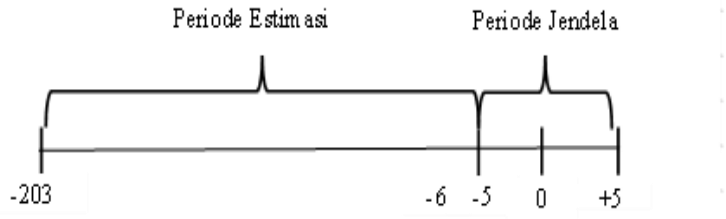
This study chose LQ-45 Index stocks because the companies included in the LQ-45 Index have good performance and are liquid with large market capitalization so that the effect of an event can be measured more accurately. This research will also examine each stock sector in the LQ-45 index to find out whether there is a reaction from each stock sector in the LQ-45 index.

Based on the explanation above, the purpose of this study is to determine and analyze the differences in *Abnormal Return*, *Trading Volume Activity* and *Bid-Ask Spread* values before and after the 2020 United States Presidential election event on the LQ-45 Index and also in each stock sector in the LQ-45 Index.

RESEARCH METHODS

This research uses a *quantitative paradigm* which is a test of theories through measuring research variables with numbers and analyzing data with statistical procedures. The research design used is *event* study research. According to Hartono (2017:623)event study is a study that examines the market reaction to an event whose information can be published as an announcement. In this study, the population used is stocks listed on the LQ-45 Index and issued a *closing* price during the study period. This study uses a *market model* so that it uses an estimation period. The estimation period in this study is 200 days. The event period is relatively shorter than the estimation period but is the most important part of an analysis. (Obradović & Tomić, 2017). The event period used in this study was taken for 11 days around the announcement date, namely 5 days before the event (*preevent period*), 1 day during the event (*event date*) and 5 days after the event (*post-event period)*.

The estimation period is the period before the event period, which is to determine the estimates of a and b. The model used is a *market model* where the retrieval of estimation period in this study for 200 days can be seen in the following figure.



Estimation Period and Window Period Length
Source: from various references, reprocessed (2022)

The researcher determined the research subject using *purposive* sampling technique. According to Sugiyono (2017)According to Sugiyono (2017), *purposive sampling* is a data sampling technique based on certain considerations or criteria. The number of samples used in the study were 39 companies included in the LQ-45 index category for the period February - November 2020. The type of data in this study is *time* series data, namely a series of observations related to a phenomenon, event, or change that occurs from time to time. The data source used in this research is secondary data, namely data in the form of documents and information that has a relationship with the object of research published by the Indonesia Stock Exchange. The data source in this study is the daily stock price and stock volume of companies listed in the LQ-45 Index during the research period which can be accessed through the official website of the Indonesia Stock Exchange www.idx.co.id and www.yahoofinance.com.

The data collection technique in this research uses the documentation method to obtain daily stock trading data on LQ-45 Index stocks and also uses literature studies by collecting and studying data relevant to this research. The data analysis technique in this study consists of descriptive statistical analysis to obtain the average value (*mean*), minimum value, maximum value and standard deviation *on the abnormal return, trading volume activity* and *bid-ask spread variables*. After that, it is continued with assumption testing in the form of a normality test using the Kolmogorov Smirnov test. Finally, hypothesis testing to analyze differences in the *abnormal return, trading volume activity* and *bid-ask spread variables* using the paired sample t-test if the data is normally distributed and the Wilxocon signed rank test if the data is not normally distributed.

The operational variables used in this study are:

a. *Abnormal Return*

Abnormal returns are often used as a basis for testing the information content of an event announcement and will ultimately be used to test market efficiency. The *return* commensurate with the risk of the stock is called the *normal return*. If the market is inefficient, securities will generate a *return* greater than the norm called *abnormal* return (Tandelilin, 2010: 219). (Tandelilin, 2010: 219). An announcement that has information content will provide abnormal returns to the market. Conversely, those that do not contain information do not provide abnormal returns to the market. (Hartono, 2017: 624). According to Hartono (2017:47)According to Hartono (2017: 47), *abnormal return* is the excess of the actual return that occurs against the normal return which is the return expected by investors (*expected return*). *Abnormal return* is the difference between the actual return that occurs and the expected return. To find *abnormal return*, you must first find the actual return and expected return. To find the actual return is to use the following formula (Mcwilliams & Siegel, 1997) :

$$R_t = \frac{P_t - P_{t-1}}{P_{t-1}} \quad (1)$$

Description:
R_t : Stock return in period t.
P_t : The closing stock price of the company in period t.
P_{t-1} : The closing stock price of the company in period t-1.

After that, calculate the *market* model, which is the market risk to adjust the expected return according to the risk level. (Mcwilliams & Siegel, 1997), i.e:

$$R_{i,t} = \alpha_i + \beta_i . R_{m,t} + E_{i,t} \quad (2)$$

Description:
$R_{i,t}$: realized return of the Ith security in the tth estimation period
α_i : intercept for the i-th security

β_i : slope coefficient which is the Beta of the i-th security
$R_{m,t}$: market index return in the tth estimation period which can be calculated by the formula RM,t = (JCIt-IHSGt-1) / JCIt-1 where JCI is the composite stock price index.
$E_{i,t}$: residual error of the Ith security at the tth estimation period.

After obtaining the actual return and expected return, the abnormal return can be sought with the following calculation risk (Mcwilliams & Siegel, 1997):

$$RTN_{i,t} = R_{i,t} - E(R_{i,t}) \quad (3)$$

Description:
$RTN_{i,t}$: the *abnormal return of the* Ith security at the tth event period.
$R_{i,t}$: the actual return that occurs for the Ith security at the tth event period.
$E(R_{i,t})$: the expected return of the Ith security for the tth event period.

If the abnormal return has been obtained, to calculate the *Average Abnormal Return* (AAR) of all stocks per day during the event period (wMcwilliams and Siegel, 1997) using the following calculation:

$$RRTN_t = \frac{\sum_{i=1}^{N} RTN_{i,t}}{N} \quad (4)$$

Description:
$RRTN_t$: *average abnormal return* on day t
$RTN_{i,t}$: *abnormal return* for the Ith security on day t.
N : the number of securities affected by the event announcement.

b. *Trading Volume Activity* (TVA)

Trading volume activity (TVA) is a summation of the volume of each trading transaction that occurs on the stock exchange at a certain time and stock. *Trading volume activity* (TVA) is the sale of each transaction in the stock market at a certain time for a certain stock, and is one of the factors that affect stock movements (Suganda, 2018). (Suganda, 2018). TVA is a measure that can be used to see the capital market reaction to information circulating in the capital market using the stock trading volume activity parameter.

To calculate the TVA of each stock during the study period (Jones, 2012) using the formula:

$$\text{TVA} = \frac{\sum saham\ perusahaan\ i\ yang\ ditransaksikan\ pada\ hari\ ke{-}t}{\sum saham\ perusahaan\ i\ yang\ beredar\ pada\ hari\ ke{-}t} \quad (5)$$

Calculate the average TVA (ATVA) of all stocks per day during the event period i.e. :

$$ATVA_t = \frac{\sum_{i=1}^{n} TVA_{i,t}}{n} \quad (6)$$

Description:
$ATVA_t$: *average trading volume activity* on day t
$TVA_{i,t}$: *trading volume activity* for the i-th security on day t
N : number of securities

c. Value *Spread* / *Bid-ask Spread*

According to Howe and Lin (1992) *spread* is the economic compensation given to *market makers* for their services. Spread is the percentage difference between the *bid price* and the *ask price*. The *bid* price is the highest purchase price at which investors are willing to buy shares while the *ask* price is the lowest selling price at which investors are willing to sell their shares. The difference can affect the level of stock liquidity because stocks that investors are interested in are

stocks with a small spread value so that they can increase the demand for these shares. *Bid-ask spread* and *average bid-ask spread* (ABAS) can be calculated using the following formula (Howe and Lin, 1992):

$$\text{Spread}_{it} = \sum_{t=1}^{n} \frac{ask_{it} - bid_{it}}{(ask_{it} + bid_{it})/2} \times 100 \quad (7)$$

Description:
Spread_{it} : Average percentage *bid-ask spread of* stock i
Ask_{it} : The lowest selling price at which an investor agrees to sell stock i on day t.
Bid_{it} : The highest purchase price at which an investor agrees to buy stock i on day t.

$$ABAS_t = \frac{\sum_{i=1}^{n} BAS_{i,t}}{n} \quad (8)$$

Description:
$ABAS_t$: *average bid-ask spread* on day t
$BAS_{i,t}$: *bid-ask spread* for the i-th security on day t
N : number of securities

RESULTS AND DISCUSSION

Research Results

Descriptive statistics provide an overview or descriptive of data seen from the average value (*mean*), standard deviation, and variance. Descriptive statistical analysis was carried out on the variables used in this study, namely *abnormal return, trading volume activity and bid-ask spread.* The following are the results of descriptive analysis on stocks included in the LQ-45 index during the research period:

Table 1. Results of Descriptive Statistical Analysis of LQ-45 Index Stocks

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
AAR Before	39	-0.01359	0.013021	-0.00242	0.007072
AAR After	39	-0.03121	0.023805	0.000983	0.011927
ATVA Before	39	0.000319	0.032686	0.003883	0.006017
ATVA After	39	0.000406	0.040112	0.005262	0.008032
ABAS Before	39	0.000182	0.001536	0.000905	0.000338
ABAS After	39	0.000296	0.00149	0.000923	0.000290
Valid N (listwise)	39				

Source: Data, processed (2023)

Table 1 above explains that the *Average Abnormal Return* before the United States presidential election increased every day with an average of 0.61% over a period of five days in the basic and chemical industry sectors on the LQ45 index with a standard deviation of 0.43%. The descriptive analysis results show that the standard deviation value is smaller than the average value, this means that the data is homogeneous, which means that the average AAR before the event has a low level of deviation. The lowest change in AAR was seen in the company PT INTP of 0.07% while the highest change was seen in the company PT JPFA of 1.3%. *Average Abnormal Return* after the US presidential election shows an increase with an average of 0.25% after the event date with a standard deviation of 1.25%, where the standard deviation value is higher than the average value indicating that the data distribution has a high level of deviation. The change in AAR after the United States presidential election event that showed the lowest level was the company PT INKP with a decrease of 1.18% while the highest change was the company PT JPFA with a value of 2.21%.

Average Trading Volume Activity before the United States Presidential election showed an average increase of 0.16% over a period of five trading days with a standard deviation of 0.09%, where the standard deviation value is lower than the average value indicating that the data distribution has a low level of deviation. The lowest ATVA was 0.05% at PT CPIN while the company with the highest trading level was PT TKIM by 0.26%. *Average Trading Volume Activity* on the five days after the event date shows an average of 0.16% with a standard deviation of 0.13%, these results indicate that the standard deviation value has a low deviation because it is lower than the average value. The lowest ATVA of 0.04% was seen in PT CPIN and the highest trading volume was seen in the company PT JPFA of 0.41%.

The Average Bid-Ask Spread value before the United States presidential election increased every day with an average of 0.09% over a period of five days with a standard deviation of 0.04%. The descriptive analysis results show that the standard deviation value is lower than the average value, this means that the data distribution before the event has a low level of deviation. The lowest ABAS change was seen in PT INTP by 0.05% while the highest change was seen in the company PT CPIN by 0.15%. The *Average Bid-ask Spread* after the United States presidential election showed an increase with an average of 0.10% after the event date with a standard deviation of 0.03%. The descriptive analysis results show that the standard deviation value is lower than the average value, this means that the data distribution before the event has a low level of deviation. The change in ABAS after the United States presidential election event which showed the lowest level was PT INKP by 0.07% while the highest change was in the company PT CPIN by 0.15%.

From the results of normality testing using the *Kolmogorov Smirnov* test on the variables in this study, there is data that is not normally distributed with an Asymp. Sign (two tailed) <0.05, namely ATVA on the LQ-45 index before and after the presidential election, AAR in the Infrastructure, Utilities and Transportation Industry sector after the presidential election, ATVA Mining Industry sector before and after the presidential election and AAR Property, Real Estate and Building Construction Industry sector before the presidential election. In normally distributed data with a value of Asymp. Sign (two tailed) > 0.05 then for further testing using *Paired Sample t-test* while for data that is not normally distributed with Asymp. Sign (two tailed) > 0.05 will be tested using the Wilcoxon *Signed Rank Test. The* results of statistical tests before and after the United States Presidential Election on the LQ-45 Index and also each sector in the LQ-45 Index can be seen in the following table:

Table 2. Summary of Statistical Test Results

IDX Stock Market Index	Variables	Mean Rank		Sig. (2-tailed)
		Before	After	
LQ-45 Index	AAR Before Election - AAR After Election	-0.00242	0.00103	0.241
	ATVA After Election - ATVA Before Election	0.00388	0.00526	0.08
	ABAS Before Election - ABAS After Election	0.00095	0.00096	0.312
Basic Industry and Chemicals Sector	AAR Before Election - AAR After Election	0.00615	0.00246	0.465
	ATVA After Election - ATVA Before Election	0.00156	0.0016	0.802
	ABAS Before Election - ABAS After Election	0.00091	0.00103	0.053
Consumer Goods Industry Sector	AAR Before Election - AAR After Election	-0.00584	0.00709	0.782
	ATVA After Election - ATVA Before Election	0.00071	0.0016	0.012
	ABAS Before Election - ABAS After Election	0.0007	0.00073	0.124
Financial Sector	AAR Before Election - AAR After Election	0.00118	0.00557	0.613
	ATVA After Election - ATVA Before Election	0.00375	0.00413	0.221
	ABAS Before Election - ABAS After Election	0.00069	0.00076	0.028
Infrastructure, Utilities and Transportation Sector	AAR Before Election - AAR After Election	-0.00156	-0.00413	0.91
	ATVA After Election - ATVA Before Election	0.00268	0.00407	0.127
	ABAS Before Election - ABAS After Election	0.001	0.00098	0.644

IDX Stock Market Index	Variables	Mean Rank		Sig. (2-tailed)
		Before	After	
Mining Sector	AAR Before Election - AAR After Election	-0.00579	0.00461	0.883
	ATVA After Election - ATVA Before Election	0.00448	0.005452	0.686
	ABAS Before Election - ABAS After Election	0.00084	0.00093	0
Property, Real Estate and Building Construction Sector	AAR Before Election - AAR After Election	-0.00519	-0.0739	0.225
	ATVA After Election - ATVA Before Election	0.00217	0.00626	0.04
	ABAS Before Election - ABAS After Election	0.0013	0.00116	0.002
Trade, Services & Investment Industry Sector	AAR Before Election - AAR After Election	-0.00779	-0.00263	0.305
	ATVA After Election - ATVA Before Election	0.132	0.16403	0.318
	ABAS Before Election - ABAS After Election	0.00096	0.00092	0.738

Source: Data, processed (2023)

Discussion

From the results of the study it was found that AAR, ATVA and ABAS in LQ-45 Index stocks did not have significant differences before and after the United States presidential election event. The results of this study are in line with research conducted by Hashim and Mosallamy (2020). (2020) and also Linn, Urban and Hoffmann (2021) where there is no significant difference in Joe Biden's victory as President in the United States market. *Average Abnormal Return* (AAR) on the LQ-45 Index has no significant difference. The absence of this difference is because investors consider that there is no information content in this event. Therefore, this has no impact on the level of investment and investment decisions of investors. This is in line with the *Efficient Market Hypothesis* (EMH) theory which states that the market is considered efficient if no one, whether individual investors or institutional investors, earns *abnormal returns* after adjusting for risk and using existing trading strategies. (Tandelilin, 2010). Investors tend to be more cautious and prefer to take a *wait-and-see* attitude in making investment decisions because there is a possibility that investors are waiting for the policies that will be implemented by the elected President later so that they will not be wrong in making investment decisions.

There is also no difference in ATVA before and after the US Presidential election event. This means that the announcement of the President-elect has no significant effect on trading volume activity in the capital market. The insignificant results can be caused by the fact that the published information of the Presidential announcement is well absorbed by the market so that the market tends to make adjustments to the information developments that occur both before and after the announcement event so that the trading volume tends not to be much different between before and after the announcement of the US presidential election.

The results of the ABAS analysis of the LQ-45 Index Shares did not have a significant difference before and after the United States presidential election event. The results of this test indicate that in the period before and after the presidential election, there is no significant difference in *bid-ask spread*, which can be caused by investors already knowing in advance the results of the United States election where during the study period the results of Jo Biden's votes were superior to his opponent so that after the announcement of the President-elect, it did not really change investors' preferences with before the announcement of the election of the President of the United States.

Tests on the sectors contained in the LQ-45 Index show varying results. From the analysis, it was found that the AAR value of stocks in all sectors in the LQ-45 Index did not have a significant difference before and after the US presidential election event. The absence of this difference means that there is no information content on the event. Therefore, this has no impact on the level of investment and investment decisions of investors. Investors tend to be more cautious in making investment decisions.

There is a significant positive difference in the value of *Average Trading Volume Activity* (ATVA) in the Consumer Goods Industry sector. In this case, the 2020 United States Presidential Election event provides a signal or indication to investors in the context of trading transactions in the capital market

which is characterized by an increase in ATVA. It can be seen from the results of the *paired sample t-test test*, where the average value of ATVA before and after the election has increased, from 0.00070660 before the presidential election event to 0.00160320 after the presidential election event. The results of this study are in line with the results found by Adriyani and Aryani (2018). (2018) where ATVA has a significant difference before and after the 2016 United States Presidential election. Likewise, the research of Rahmawati and Anggoro (2022) where there is a significant difference in ATVA in stocks incorporated into the IDX80 index before and after the 2020 United States Presidential Election. Joe Biden's policy that will reduce the minimum tax for companies outside the United States will certainly encourage US companies to invest in developing countries, one of which is Indonesia. The number of investors who carry out stock transaction activities in the consumer goods sector is what causes the volume of stock trading to increase during the event period, causing a significant positive difference in ATVA in the Consumer Goods Industry sector before and after the 2020 United States Presidential Election event.

The results also show that there is a significant positive difference in the *Average Bid-Ask Spread* (ABAS) value in the financial sector before and after the United States presidential election. This shows that the United States presidential election event does not have enough information that can influence investors in transactions. This causes investors to tend to choose to hold their shares for a longer period of time in order to get greater *capital gains in the* future. This is in line with previous research conducted by Saraswati and Mustanda (2018). (2018) where the market reacted to the Presidential election event and research conducted by Adriyani and Aryani (2018). (2018) where the value of *spreads* has a significant difference and tends to increase before and after the American presidential election on the United States stock market.

The results of the ABAS analysis of Mining Sector Stocks in the LQ-45 Index have significant differences before and after the American presidential election event. The average increase from before the event to after the event was 0.000089600. This indicates that the results of the United States presidential election are considered to show results in accordance with market expectations so that the information is considered to signal *good news* to the market in Indonesia. The existence of policies delivered by Joe Biden if elected as president is considered to have an effect on global economic conditions. One of them is a policy related to clean energy and emission-free 2050. Investors in the mining sector, especially the metals and minerals sub-sector, consider this information as *good news* so that the mining sector stock trading transactions are getting bigger, resulting in an increase in the value of spreads. Investors tend to hold their shares because investors expect greater profits in the future so that the cost of owning shares becomes greater, resulting in the value of the *bid-ask spread to* increase after the United States Presidential election.

The results of the ATVA analysis in the Property, Real Estate and Building Construction sector in the LQ-45 Index found that there were significant differences before and after the United States presidential election event. This indicates that the information content in the Presidential election event has an influence on investor decisions so that the market gives a reaction to the events that occur which is reflected in changes in stock trading volume. The United States Presidential election event can change stock trading activity in the Property, Real Estate and Building Construction sector because the level of information content is considered relevant to investors. From the results of this analysis also found that there is a significant negative difference in the value of ABAS in the Property, Real Estate and Building Construction sectors. This supports the signal theory which states that a signal to investors can affect the level of buying and selling of shares that occurs so that it affects the price of interest in selling shares and the price of interest in buying shares. This research is in line with the results found by Adriyani and Aryani (2018). (2018), Khanthavit (2021) which showed significant negative results before and after the United States presidential election. The existence of this spread difference is because the event provides enough information that can influence investors' decisions in investing in property, real estate and building construction sector companies. The average decrease from before the event to after the event is 0.0001430 which indicates that trading in Property, Real Estate and Building Construction sector stocks has become more active which causes investors not to hold shares for too long, thereby reducing the bid-ask spread value.

CONCLUSIONS

Based on the results of data analysis and discussion previously described, the overall conclusion of this study is that there are no significant differences in *Average Abnormal Return (AAR), Trading Volume (TVA)* and *Average Bid-ask Spread (ABAS) on the* LQ-45 Index. Tests on the sectors listed in the LQ45 Index show varying results. There are significant differences in ATVA in the consumer goods industry sector and in the property, real estate and building construction sector. There are also significant differences in ABAS in the financial, mining and property, real estate and building construction sectors. These results indicate that in some sectors listed in the LQ45 Index, information on the United States Presidential election signals *good news* to the market in Indonesia so that the market reacts positively around the study period. It is necessary to conduct further research using different indices or sectors and observe further on non-political events more broadly in order to make comparisons and review knowledge for future research. Investors and potential investors who will invest are expected to pay more attention to financial information from various aspects to minimize losses and minimize concerns that can affect investor profits, especially when political events occur. Investors also need to understand thoroughly about the capital market with the aim of helping to recognize the possible risks that will be accepted when conducting trading activities in the capital market. Investors must be more careful and thorough in making decisions on investments made in order to obtain *returns* and avoid the risk of an event that can affect stock prices in the market.

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