

ABSTRACT

The imposition of reciprocal tariffs by the United States, including a 25% tariff on imported vehicles, has raised concerns in global markets. This policy has the potential to reduce export demand from its trading partner countries. As one of the vehicle-exporting countries, Indonesia is likely to experience a decline in demand. This event could lead to uncertainty for investors who have invested in automotive sub-sector companies listed on the Indonesia Stock Exchange.

This study aims to analyze the differences in the cumulative average abnormal return (CAAR) before and after the announcement of the reciprocal tariff policy. In addition, the study also aims to analyze the differences in security return variability (SRV) before and after the announcement of the reciprocal tariff policy.

The research method uses an event study approach with an observation period of 11 days, which includes 5 days before the event, the event day itself, and 5 days after the event. The observation period excludes exchange holidays. The object of this study is automotive sub-sector companies listed on the Indonesia Stock Exchange. The sample consists of 16 companies selected using a purposive sampling technique. Data analysis was carried out using the non-parametric Wilcoxon Signed Rank Test.

Based on the results of the Wilcoxon Signed Rank Test, there were no significant differences in the cumulative average abnormal return before and after the announcement of the reciprocal tariff policy. Furthermore, there were no significant differences in security return variability before and after the event.

This study provides insights into the market's response to the announcement of reciprocal tariffs. Future researchers are advised to consider objects of study from other sectors in order to gain a broader understanding of the impact of reciprocal tariff events across various sectors in Indonesia.

Keywords: *Cumulative average abnormal return, Event study, Reciprocal tariff, Security return variability.*