

ABSTRACT

The inauguration of the President and Vice President was a political event that had the potential to influence movements in the Indonesian capital market. This study aimed to analyze the market reaction to the inauguration of Prabowo-Gibran as the President and Vice President of the Republic of Indonesia in 2024. An event study approach was employed with an event window of 15 trading days, covering the period from H-7 to H+7. The expected return was estimated using the Capital Asset Pricing Model (CAPM), with the risk-free rate based on the BI 7-Day Reverse Repo Rate (BI7DRR). The research sample consisted of 92 companies listed in the Kompas100 Index for the period May–October 2024, which did not conduct any corporate actions during the estimation and observation periods.

The analysis was carried out in two stages: descriptive statistical analysis and hypothesis testing. Descriptive statistics were used to calculate abnormal returns by sector using Microsoft Excel, presented in tables and graphs, while hypothesis testing was conducted using the Paired Wilcoxon Signed Rank Test to compare abnormal returns seven days before and seven days after the inauguration. The findings revealed that the market did not exhibit a significant reaction through abnormal returns either before or after the inauguration of Prabowo-Gibran in 2024. This suggests that investors had already anticipated the event, causing stock prices to adjust rapidly once the information became public.

Overall, the results indicate that the Indonesian capital market was relatively efficient, as stock prices were able to adjust quickly to new public information. The study implies that political events such as inaugurations tend to have only short-term effects, and investment decisions should remain focused on companies' fundamental performance and sectoral conditions. Future research is recommended to include additional variables beyond abnormal returns to provide a broader understanding of market reactions.

Keywords: *Abnormal Return, Event Study, Kompas100 Index, Presidential Inauguration, Stock Market*