ABSTRACT

Political event is one of the non-financial factors that affect the capital market. "Jokowi effect" is a phenomenon that happen near presidential election in 2014 where Joko Widodo has a good track record was able to increase Rupiah exchange rate and index LQ45. In contrast to 2009, where Susilo Bambang Yudhoyono was renominated again as the president. This research aims to look at the Indonesian capital market reaction towards the announcement of the result of presidential elections result in 2009 and 2014.

Independent variable used are abnormal return and risk. The samples were 43 companies for 2009 and 42 companies for 2014, by using purposive sampling method from index LQ45 as population. This research uses event study approach and analysis of different test. Data Analysis uses paired t-test for normal distribution of data and the Wilcoxon signed rank test for data that are not normally distributed. Observation period is five days, which is two days prior to event, event day, and two days after the event. The significant level is 5 %.

The results of this research is no difference in abnormal return and risks before and after the announcement of the result of presidential election in 2009 and 2014.