ABSTRACT

Political event is one of the non-economic factors that can affect the condition of capital markets. Presidential election is one of that political event that is potentially affect market participants. The purpose of this research is to analyze the difference in abnormal return before and after presidential election in Indonesia and Singapore. This research is using event study approach, which carried out observations of abnormal return within 5 days before event, event date, and 5 days after event.

The data used in this research is secondary data which include daily closing stock price, LQ45 and Strait Times Index. The model used to estimate expected return is market adjusted model. The sampling method used is purposive sampling with total sample of 69 companies consist of 44 companies from LQ45 and 25 companies from STI. Data were analyzed using paired sample t-test with a significant level of 5%.

The result showed that there is no difference in abnormal return of stock listed on LQ45 and STI before and after presidential election in Indonesia in 2014 and in Singapore in 2011. It means that these political events do not have any information content that affect the investors in Indonesian and Singapore stock market.

Keywords : *event study, presidential election, abnormal return*