

ABSTRACT

During the year 2014-2015 world oil prices have fluctuated up and down tend to fall from around of 98 USD per barrel to around of 37 USD per barrel. But unlike the condition in Indonesia within the period of 2 years ie from 2014 until the end of 2015 there was 5 times the change in the price of fuel oil (BBM) where 3 times rise and only 2 times decline in fuel prices. Government policy to raise fuel prices both on November 18, 2014 and March 1, 2015 on the grounds that government subsidies to its people are right on target, and misallocation of targeted State Income Budgets can be used to improve infrastructure, education and helping micro business actors or small and medium enterprises (SMEs). Given that oil serves as a fuel and industrial production process, the rise in oil prices causes the burden of production costs for the industry, thus weakening the fundamental aspects of the company. The impact of the company's stock price will tend to decrease. Especially for public land transportation such as buses and taxi companies are also affected by the fuel price hike, because it occurs throughout Indonesia will weaken the macro economy.

The purpose of this research is to know the abnormal return around the day announcement of fuel price increase on November 18, 2014 and March 1, 2015, and then to compare abnormal return before and after the announcement of fuel price hike. In addition, researchers will also compare volumes of trading activity before and after the announcement of fuel price increases. The reaction of investors in Indonesian to the fuel price increase can be expected given the issue surrounding the fuel price hike has been circulated before the date of increase. The object of research will be conducted on stocks that joined in KOMPAS100 group to prove whether or not there is difference of abnormal return and trading volume of trading activity on before and after announcement of fuel price increase.

The method used in this research is event study, where event study is study that studying market reaction to an event whose information is published as announcement. This study uses market-adjusted model to find the expected return value, which is then used to calculate the abnormal return. The first step is to determine the study period. The research period used is 81 trading days consisting of 70 days for the estimated period and 21 days of the event period. The estimation period used in this study is 60 days, ie t-60 to t-11 before the event day of November 18, 2014 and March 1, 2015.

Keywords: *Average Abnormal return (AAR), Average Trading Volume Activity (ATVA)*