

ABSTRACT

The more important the role of the stock exchange in economic activity, the more sensitive the stock exchange is to various surrounding events, whether or not they are directly related to economic issues. The announcement of the first case of the corona virus in Indonesia is one of the events that has the potential to affect market players. Measurement of market reaction can be seen from the level of abnormal returns and trading volume activity. The event study examines the impact of the announcement of information on the price of a security which is closely related to how quickly information that enters the market can be reflected in the stock price. The faster the information is reflected in the price of the security, the more efficient the capital market is.

The purpose of this study was to analyze the reaction of the capital market before and after the announcement of the first case of the corona virus in Indonesia. The object of this research is the LQ45 Index stock group for the period February - July 2020. The model used to estimate the expected return on abnormal returns is the market-adjusted model. The data analysis technique used paired sample t-test with a significance level of 5% on normally distributed data and the Wilcoxon test on data not normally distributed.

The results showed that there was no significant difference in abnormal return and trading volume activity before and after the announcement of the first case of the corona virus in Indonesia. This shows that the announcement of the first case of the corona virus in Indonesia does not contain significant information that can influence investors' decisions in the capital market.

Keywords: *abnormal return, lq45 index, event study, trading volume activity, corona virus*