

ABSTRACT

An economic policy issued by the government can influence investors to make investment decisions and can produce market reactions. One of them is the policy of increasing the price of fuel oil (BBM), which plays an important role in all economic activities, which can cause a decrease in people's income and an increase in production costs. The Indonesian government issued a policy of increasing fuel prices on September 3, 2022 to adjust world fuel prices and reduce the burden on the state budget, this could cause a decrease in income and an increase in public production costs which would affect market reactions.

This study intends to test whether there is a market reaction to the announcement of the increase in fuel prices on September 3, 2022 by looking at whether or not there are differences in abnormal returns and trading volume activity in the five days before and after the announcement. This study used the event study method and sample collection using a purposive sampling technique obtained a number of 45 companies which are listed on the LQ45 index on the IDX for the period August 2022 - January 2023. The data used in this study are secondary data in the form of stock closing prices and stock trading volume according to the period research events.

The results of the study show that there is no difference in abnormal returns and trading volume activity in the LQ45 index shares before and after the announcement of the increase in fuel oil prices on September 3rd 2022 This indicates that these events do not yet have sufficient information content and investors do not consider these events as events that can influence investors' decisions in transacting in the capital market.

Keywords: *Capital market, increase in fuel oil price, abnormal return, trading volume activity, event study, LQ45 index*