

ABSTRACT

Information was an indicator that can influence investors' decisions in making transactions in the capital market. The importance of information made investors consider various factors before making investment decisions to reduce the risks they will receive.

This study aims to determine the capital market reaction to the Fed's announcement of an increase in interest rates by seeing whether there are differences in abnormal returns, trading volume activity, and security return variability. The objects used in this research are companies in the LQ45 index group with a research period of 11 days, consisting of 5 days before the event, during the event, and 5 days after the event.

The method used in this research is event study. The sampling technique used in this research was purposive sampling so 39 companies were obtained. The hypothesis test used in this research is the Wilcoxon Signed-Rank Test.

The research results show that there is no difference in abnormal returns and trading volume activity in LQ45 companies before or after the announcement of the Fed's interest rate increase. However, there are differences in security return variability both before and after the announcement of the Fed's interest rate increase

Keywords: abnormal return, event study, security return variability, trading volume activity