

## **ABSTRACT**

### **INFLUENCE PRESIDENTIAL ELECTION OF 2009 ON STOCK INDEX RETURN LQ 45**

By

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Capital markets as networks of economic order can not be separated from the various environmental influences both economic and environmental influences non-economic influences. Changes in micro economic environment and the macro economic environment always affects the conditions in the capital market because it will be one of the basic considerations in the investor makes an investment that will also impact on capital market conditions. Political events did not directly intervene in the stock market, but this event is one of the information absorbed by the capital market and used by these actors is to obtain the expected profit in the future. Such information affects the decision making of investors. Political events that will be considered in this research is the Presidential Election of 2009. This incident allegedly used investors will get a greater return than other trading days (abnormal return).

The purpose of this study was to determine whether there is a significant abnormal return before and after the presidential election of 2009 in LQ 45 index in Indonesia Stock Exchange.

In this study the object under study is the share of banking sector and property sector are included in the index period LQ 45 February 2009 - July 2009. Selection of the banking sector shares and property sectors as the study sample because the banking sector has close links with government policy regarding the determination of the BI rate is directly related to bank interest rates. Bank interest rates will affect loans that will be done by the community, including affected property sector which many use banking services in operation. The analytical method used is the expected return calculation analysis using the adjusted market model (market adjusted model). The results stated that there was no significant difference in abnormal return before and after the presidential election of 2009. These results indicate that what happened was the market able to absorb information quickly and well so that no market participants who use the celebration of the presidential election in 2009 to earn abnormal returns because of market participants (investors) are able to predict the outcome of the presidential elections in 2009 so that there is an efficient market.

**Key words:** Abnormal return, expected return, market adjusted model