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Capital Market Reaction to the Organisation of the G20 Summit on LQ45 Shares Listed in the Indonesian Stock Exchange

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ABSTRACT

The capital market as an economic instrument cannot be separated from various environmental influences and events that are often the main drivers of stock price fluctuations. This study uses the event study method which aims to analyse the capital market reaction measured by the difference in average abnormal return and average trading volume activity of LQ45 stocks listed on the Indonesia Stock Exchange before and after the G20 Summit. The research sample was obtained by purposive sampling of 40 LQ45 stock issuers. The event window lasted for 11 trading days. Wilcoxon signed rank test was used to measure average abnormal return and average trading volume activity. The results showed that before and after the G20 Summit there was no significant difference in average abnormal return, but there was a significant difference in average trading volume activity. Investors must select and analyse quickly and precisely the various relevant information contained in an event as a basis for planning and making investment decisions.

Keywords: ***Abnormal Return, Trading Volume Activity, G20 Summit***

INTRODUCTION

The G20 (Group of Twenty) is a major group of international economic cooperation consisting of nineteen countries and one European Union institution with the largest economies in the world (djkn.kemenkeu.go.id). The G20 countries are the largest economies in the world as measured by the value of Gross Domestic Product (GDP) (data.tempo.co). According to the official website of the Central Bureau of Statistics (BPS), GDP is an important indicator to assess the economic condition of a country within a certain period of time. The G20 members consist of the United States, the European Union, China, Japan, Germany, the United Kingdom, India, France, Italy, Canada, South Korea, Russia, Brazil, Australia, Mexico, Indonesia, Turkey, Saudi Arabia, Argentina and South Africa.

The G20 Summit is a summit meeting attended by all government leaders and G20 member countries, where the implementation of the 2022 G20 Summit in Bali on 15-16 November 2022 took the theme "Recover Together, Recover Stronger" (bi.go.id). Through this theme, it calls on the whole world to join hands to help each other, work together to recover, become stronger in a sustainable manner (djkn.kemenkeu.go.id). For Indonesia, being the G20

Presidency is a historic moment because it occurs once every 20 years and will provide added value to Indonesia's recovery both in terms of economic and financial activity as well as domestic and international confidence (bi.go.id).

The G20 Summit in Bali benefited several issuers in the capital market with the signing of cooperation (memorandum of understanding) and the awarding of work tenders, including PT Indika Energy Tbk (INDY), PT Dian Swastatika Sentosa Tbk (DSSA), PT Vale Indonesia Tbk (INCO), PT Bakrie & Brothers Tbk (BNBR), PT Aneka Tambang Tbk (ANTM), PT Adaro Energy Indonesia Tbk (ADRO) and its subsidiary PT Adaro Minerals Indonesia Tbk (ADMR) (Investor.id). Similarly, PT Wijaya Karya Tbk (WIKA), PT TBS Energi Utama TBk (TOBA), and PT Barito Pasific Tbk (BPRT) received blessings from the meeting such as business agreements, smelter construction, and electric vehicles (snips.stockbit.com). The signing of the cooperation carried out by these issuers can be a positive sentiment for the capital market which can affect the share price and volume of stock trading transactions so as to attract investors' attention to invest.

As for the capital market on the week of the G20 Summit, Monday 14 November 2022 during the morning opening, the market responded with the Composite Stock Price Index (JCI) up 0.09% to 7,096.42, but the LQ45 index fell 0.08% percent to 1,012.089 while the Jakarta Islamic Index rose 0.13% at 613.252. (economy.okezone.com). On the official website of the Indonesia Stock Exchange (IDX), on Wednesday 16 November 2022, the market responded with the JCI falling by 14.86% to 7,014,384 at the closing price, as well as the LQ45 index also decreased by 34.15% to 1,000,959 at the closing price of trading.

When the market reacts quickly and accurately to reach a new equilibrium price that reflects the available information, it is called an efficient market (Hartono, 2016). Market efficiency is tested by looking at abnormal returns (Hartono, 2016: 667). The capital market cannot be separated from various environmental influences and events that are often the main drivers of stock price fluctuations, such as the economic and political environment (Tandelilin, 2017). Major events such as the organisation of the G20 Summit where Indonesia as the G20 Presidency for the first time also hosts, can contain information that can cause capital market reactions.

Market reaction is indicated by changes in the price of the security concerned by using the return as the value of the price difference or by using the abnormal return (Hartono, 2016). According to Tandelilin (2017: 576) abnormal return is the difference (positive or negative) from the actual return around the announcement with the expected return. Abnormal return is an unexpected result because there is a summary of the actual return different from the expected return (Akbar, 2019). Trading volume activity is an instrument that can be used to observe the capital market reaction to information from an event, where actively traded stocks indicate that these stocks have high trading volume activity (Fajarwati & Nurasik, 2021). Trading volume activity that changes indicates stock trading and investment strategies carried out by investors (Munandar et al., 2022).

Abnormal return analysis examines the difference between expected return and actual return, which can help identify patterns or trends that can be utilised to generate profits. Meanwhile, trading volume activity can provide clues about market interest and liquidity, which can influence trading and investment decisions. Analysis of abnormal returns and trading volume activity can help in understanding investment risk, by understanding risk investors can make more informed and reliable decisions. It also helps to understand market efficiency.

The market response to information from an event or publication can be known by

conducting event study research (Tandelilin, 2017). Event study research relates to how quickly the market reacts in absorbing incoming information, which can be seen from stock prices. Event study research by Febriyanti and Rahyuda (2016) shows the results of differences in abnormal returns and trading volume activity before and after the announcement of fuel price changes at the beginning of the Jokowi-JK government. In line with research conducted by Pondaag et al. (2020) found differences in abnormal returns and trading volume activity before and after China's Black Market event. Meanwhile, research by Lestari and Nuzula (2018) shows different results that the Brexit Event does not form a significant difference in abnormal return value and trading volume activity between before and after the event. Similarly, research conducted by Wardhana et al. (2021), the results show that there is no difference in the average abnormal return, and the average trading volume activity, before and after the enactment of the Tax Amnesty Law. The event study research above shows mixed results, so the authors are interested in re-examining the capital market reaction to an event, in this case the holding of the G20 Summit on LQ45 stocks listed on the IDX.

LITERATURE REVIEW

Efficient Market Hypothesis

The state when the market reacts quickly and accurately to reach a new equilibrium price that fully reflects the available information is called an efficient market (Hartono, 2016). In an efficient market, the price of an asset or security quickly and completely reflects the information available about the asset or security (Gumanti & Utami, 2002). Fama (1970) in Tandelilin (2017: 227) classifies efficient market forms into three Efficient Market Hyphotesis (EMH), namely: (1) efficient in weak form, all past (historical) information is reflected in the price formed now; (2) efficient in semi-strong form, the stock market price formed now reflects historical information plus all published information; (3) efficient in strong form, the stock market price formed now reflects historical information, published information plus unpublished information.

Stock Return

Stock returns are compensation obtained from investments (Halim, 2005). Returns can be divided into two, namely: (1) actual return, which is calculated based on past data. Actual return is the return obtained at time t, the difference between the current price and the previous price (Hartono, 2016); (2) expected return that investors will receive in the future. Brown and Warner (1985) in (Hartono, 2016) state that expected return is calculated using one of the calculation models, namely the mean-adjusted model, market model, or market-adjusted model.

Abnormal Return

According to Tandelilin (2017: 576) abnormal return is the difference (positive or negative) from the actual return around the announcement with the expected return. Abnormal returns (significant) that always appear around event announcements, imply a long-term market reaction and otherwise indicate inefficiency. If there is no abnormal return (insignificant) at any time during the entire event, the market does not react (Tandelilin, 2017). Average abnormal return is the average abnormal return of all securities for each time interval in the event period (Tandelilin, 2017: 579). The following are the formulas used to calculate abnormal returns:
The formula for calculating abnormal returns is as follows (Hartono, 2016: 668):

$$RTN_{i,t} = R_{i,t} - E[R_{i,t}]$$

Description:
$RTN_{i,t}$= abnormal return of stock i in period t.
$R_{i,t}$= actual return of stock i in period t.
$E[R_{i,t}]$ = expected return of stock i in period t.
The formula for calculating the average abnormal return is as follows (Hartono, 2016: 680):

$$RRTN_t = \frac{\sum_{i=1}^{k} RTN_{i,t}}{k}$$

Description:
$RRTN_t$= average abnormal return on day t.
$RTN_{i,t}$ = abnormal return for the i-th security on day t.
k = the number of securities affected by the event announcement.

Before calculating the abnormal return and average abnormal return, you must first calculate the actual return and expected return:

a. The formula for calculating actual return is as follows (Hartono, 2016: 668):

$$R_{i,t} = \frac{P_{i,t} - P_{i,t-1}}{P_{it-1}}$$

Description:
$R_{i,t}$ = actual return of stock i on event t.
$P_{i,t}$= stock price i on event t.
$P_{i,t-1}$= stock price i on event t-1.

b. The formula for calculating expected return is as follows (Hartono, 2010: 76):

$$E[R_{it}] = R_{M,t}$$

Description:
$E[R_{it}]$ = expected return of i stock in the t-th event period.
$R_{M,t}$= market return of the t-th period which can be calculated by formula $R_{M,t} = (IHSG_t - IHSG_{t-1})/ IHSG_{t-1}$ where $IHSG_t$ is the Composite Stock Price Index for the t-th period.

Trading Volume Activity

Stock volume is the number of shares that change hands during a certain period of time (during one day) meaning that the number of shares can indicate the size or number of shares traded between the opening and closing of the day (Gibran, 2022). The greater the volume of shares, the positive indication or the price trend has the strength to continue. Trading volume activity is calculated by comparing the number of company shares traded in a certain period with the total number of company shares issued in the same period, with the unit being sheets (Febriyanti & Rahyuda 2016). The formula for calculating trading volume activity is as follows (Foster, 1986: 375):

$$TVA_{i,t} = \frac{Number\ of\ shares\ of\ firm\ i\ traded\ in\ time\ t}{Number\ of\ shares\ of\ firm\ i\ outstanding\ in\ time\ t}$$

Description:
$TVA_{i,t}$= trading volume of stock i in period t.
Next, calculate the average trading volume activity.

$$ATVA = \frac{\sum_{i=1}^{n} TVA_{i,t}}{k}$$

Description:
$ATVA$ = average stock trading volume.
$TVA_{i,t}$= trading volume of stock i in period t.
k = number of securities.

LQ45 Stock Index

Information about stock market developments is collected in an index called stock market indexes (Tandelilin, 2017). According to the official IDX website, a stock index is a statistical measure that reflects the general price movement of a group of stocks that are selected and evaluated regularly based on certain criteria and methods. To date, the IDX has 42 stock indices. The JCI is an index that measures the prices of all stocks on the IDX, both those on the Main Board and the Development Board. The LQ45 index was introduced on 24 February 1997 as an alternative to the JCI which is considered to be less representative of the real conditions that take place on the stock exchange (Hartono, 2016). The considerations underlying the selection of stocks included in the LQ45 index are liquidity and large market capitalisation. The IDX will regularly monitor the development of LQ45 stocks, whether they still meet the requirements or not. Stock changes are made twice a year, at the beginning of February and August (Tandelilin, 2017). LQ45 stocks can be an objective source of information for financial analysts, investors, investment managers, and capital market observers (Nurhaliza, 2021).

Event Study

How the market reacts to an event based on public information is called event study (Tandelilin, 2017). Information about various events both from within and outside the company that can affect the company's development opportunities in the future, such as: dividend announcements, profit income, investments, changes in ownership structure, mergers and acquisitions, changes in certain regulations in the sector or form of business, political conditions and other events. (Tandelilin, 2017). The purpose of event research is to identify the market reaction to a published event, which is influenced by the information content of the event that is expected to affect the company's future cash flows (Tandelilin, 2017). Event studies are a form of study to test semi-strong form market efficiency (Tandelilin, 2017: 569).

Conceptual Framework and Research Hypothesis

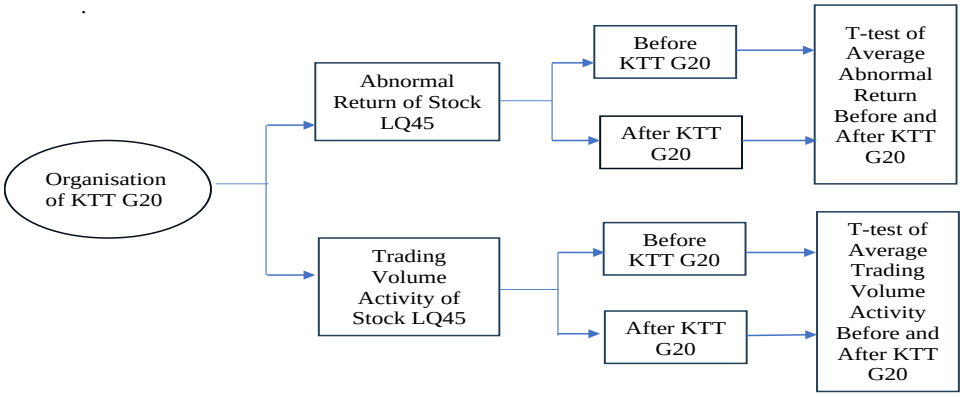

Figure 1. Conceptual Framework

Hypothesis:

H_1 : There is a difference in the average abnormal return of LQ45 stocks before and after the G20 Summit.

H_2 : There is a difference in the average volume trading activity of LQ45 stocks before and after the G20 Summit.

METHODS

This research is a quantitative study that uses an event study approach to observe the market reaction of an event based on information originating from inside or outside the company that can have an impact on the company's future prospects. Events that take place can signal information and trigger capital market reactions by analysing capital market reactions measured by the average abnormal return and average trading volume activity to the holding of the G20 Summit on LQ45 stocks listed on the Indonesia Stock Exchange. The data collection method in this study is the sample survey method by collecting the necessary data from the official page of the Indonesia Stock Exchange, and Yahoo Finance. The population in the study were all LQ45 group companies listed on the Indonesia Stock Exchange. The sample was obtained using purposive sampling with the condition that the companies were listed in the LQ45 index for the period 1 August 2022 - 31 January 2023 and did not take corporate action during that period, so that 40 LQ45 group issuers were obtained. This study uses secondary data (historical data). The data of this study are daily stock price data at closing time (closing price), stock trading volume activity data, Composite Stock Price Index (CSPI) data, and data on the number of shares outstanding. The observation time or event window lasts for 11 trading days, namely 5 trading days before (t-5 to t-1), 1 day during the event (t0), and 5 trading days after (t+1 to t+5) the event of the G20 Summit. The data period starts from 8 November 2022 to 22 November 2022. The data analysis method in this study uses SPSS Statistic Base 26.0 for Windows and Microsoft Excel software.

RESULTS AND DISCUSSION

Descriptive Statistical Analysis

1. **Descriptive Statistical Analysis of Average Abnormal Return Before and After the G20 Summit**

Table 1 Descriptive Statistical Test Results Average Abnormal Return

Descriptive Statistics					
	N	Min.	Max.	Mean	Std. Dev.
RTN Before	40	-.029140	.031210	.00051925	.010869545
RTN After	40	-.021390	.019130	-.00249490	.007549181
Valid N (listwise)	40				

The descriptive analysis results above show the measurement results on two variables, namely RTN Before (average abnormal return before) and RTN After (average abnormal return after) the G20 Summit. For the RTN Before variable, there are 40 samples observed. The range of the data is from -0.029140 to 0.031210. The average (mean) of the data is 0.00051925, meaning that there is a positive average abnormal return and indicating that overall there is no significant upward or downward trend in RTN Before. A positive average abnormal return means that the actual return is higher than the expected return. Meanwhile, the standard deviation of the data is 0.010869545.

2. **Descriptive Statistical Analysis of Average Trading Volume Activity Before and After the G20 Summit**

Table 2 Descriptive Statistical Test Results Average Trading Volume Activity

Descriptive Statistics					
	N	Min.	Max.	Mean	Std. Dev.
TVA Before	40	.000105	.008698	.00195955	.001867757
TVA After	40	.000056	.004119	.00120255	.000927270
Valid N (listwise)	40				

For the Before TVA variable, there are 40 samples observed with a minimum value of 0.000105 and a maximum value of 0.008698. The mean of the data is 0.00195955, which indicates that overall there is no significant upward or downward trend in the Prior TVA. Meanwhile, the standard deviation of the data is 0.001867757, which indicates that the data has a fairly small variation. As for the After TVA variable, there are also 40 samples observed, with a minimum value of 0.000056 and a maximum value of 0.004119. The mean of the data is 0.00120255, which indicates that overall there is an upward trend in TVA After. The standard deviation of the data is 0.000927270, which is lower than the TVA Before.

Normality Test

1. Normality Test of Average Abnormal Return Before and After the G20 Summit

Table 3. Average Abnormal Return Normality Test Results

One-Sample Kolmogorov-Smirnov Test			
		RTN Before	RTN After
N		40	40
Normal Parameters[a,b]	Mean	.00051925	-.00249490
	Std. Deviation	.010869545	.007549181
Most Extreme Differences	Absolute	.162	.158
	Positive	.131	.112
	Negative	-.162	-.158
Test Statistic		.162	.158
Asymp. Sig. (2-tailed)		.009[c]	.013[c]
a. Test distribution is Normal.			
b. Calculated from data.			
c. Lilliefors Significance Correction.			

From the normality test results above, by looking at the average abnormal return before and after organising the G20 Summit, the Asymp value. Sig. (2-tailed) value of 0.009 and 0.013 is smaller than alpha (α), which is 0.05, it means that the average abnormal return data before and after the G20 Summit is not normally distributed.

2. Normality Test of Average Trading Volume Activity Before and After the G20 Summit

Table 4 Average Trading Volume Activity Normality Test Results

One-Sample Kolmogorov-Smirnov Test			
		TVA Before	TVA After
N		40	40
Normal Parameters[a,b]	Mean	.00195955	.00120255
	Std. Deviation	.001867757	.000927270
Most Extreme Differences	Absolute	.217	.233
	Positive	.217	.233
	Negative	-.162	-.123
Test Statistic		.217	.233
Asymp. Sig. (2-tailed)		.000[c]	.000[c]
a. Test distribution is Normal.			
b. Calculated from data.			
c. Lilliefors Significance Correction.			

From the results of the normality test above, by looking at the average trading volume activity before and after the G20 Summit, the Asymp value. Sig. (2-tailed) of 0.000 and 0.000 is smaller than alpha (α), which is 0.05, it means that the average trading volume activity data before and after the G20 Summit is not normally distributed.

Hypothesis Test

1. First Hypothesis Test

Testing the first hypothesis in this study is that there are differences in abnormal returns on LQ45 stocks before and after the G20 Summit. The first hypothesis testing was carried out using the Wilcoxon signed rank test, namely by comparing the average abnormal return on the five days before the G20 Summit and the five days after the G20 Summit, with a significance level (confidence level) or probability (α) of 0.05. If the sig value. (2-tailed) <0.05 then H_0 will be rejected and H_a will be accepted. Meanwhile, if the sig value. (2-tailed) > 0.05 then H_0 will be accepted and H_a will be rejected.

Table 5 First Hypothesis Test Results

Test Statistics[a]	
	RTN After - RTN Before
Z	-1.680[b]
Asymp. Sig. (2-tailed)	.093
a. Wilcoxon Signed Ranks Test	
b. Based on positive ranks.	

The results of the Wilcoxon signed ranks test show a Z value of -1.680 and an asymp. Sig. (2-tailed) of 0.093 exceeds the significance level used of 0.05. This shows that there is no significant difference between the average RTN before and average RTN after the G20 Summit. So it can be said that the first hypothesis (H_1) is rejected.

In this situation, investors had anticipated the event before it happened, as the organisation of the G20 Summit had become a major topic even before the G20 Summit was held. Some investors reacted by taking action, while others chose to remain passive. These differences in investor reactions may cause varying impacts on abnormal returns before and after the G20 Summit, so overall there are no significant differences.

2. Second Hypothesis Test

Testing the second hypothesis in this study is that there are differences in trading volume activity of LQ45 stocks before and after the G20 Summit. Testing the second hypothesis was carried out using the Wilcoxon signed rank test, namely by comparing the average trading volume activity on the five days before the G20 Summit and the five days after the G20 Summit, with the basis for decision making, namely if the Asymp. Sig. (2-tailed) <0.05 then H_0 will be rejected and H_a will be accepted. Meanwhile, if the value of Asymp. Sig. (2-tailed) > 0.05 then H_0 will be accepted and H_a will be rejected.

Table 6 Second Hypothesis Test Results

Test Statistics[a]	
	TVA After - TVA Before
Z	-3.602[b]
Asymp. Sig. (2-tailed)	.000
a. Wilcoxon Signed Ranks Test	
b. Based on positive ranks.	

The Wilcoxon signed ranks test results show a Z value of -3.602 with a significance value (Asymp. Sig. 2-tailed) of 0.000. The significance value shows that there is a significant

difference between the average trading volume activity before and the average trading volume activity after the G20 Summit with a very small significance value (less than α=0.05). So it can be said that the second hypothesis (H_2) is accepted.

This could be due to the fact that investors prior to the G20 Summit had predicted information that could trigger an increase in trading activity, as investors wanted to buy or sell their shares to benefit from the previously predicted share price movements.

Discussion

1. Discussion of Differences in Average Abnormal Return of LQ45 Shares Before and After the G20 Summit.

This study aims to analyse the capital market reaction measured by the difference in average abnormal return of LQ45 stocks listed on the IDX before and after the G20 Summit. Based on the results of testing the first hypothesis using the Wilcoxon signed rank test in Table 4.10, it shows that there is no significant difference between the average abnormal return at the time before and after the G20 Summit, meaning that H_1 is rejected. This result is evidenced by the Sig. (2-tailed) is 0.093 which means it is greater than the probability (α) that has been set at 0.05.

The average abnormal return before the G20 Summit was positive at 0.00051925, meaning that the actual return was higher than the expected return and indicating that overall there was no significant upward or downward trend in the average abnormal return before the G20 Summit. Meanwhile, the average abnormal return after the G20 Summit is negative at -0.00249490, indicating that there is a downward trend due to the fact that after the event, the market interpreted differently about the effect of the G20 Summit on security prices.

Average abnormal returns before and after the G20 Summit have considerable variation. There are inconsistent fluctuations and variations in abnormal returns during the observation period. This shows that some investors respond by taking action, while other investors choose to remain passive. These different investor reactions can result in varying abnormal return values before and after the G20 Summit, meaning that overall there is no significant difference. There is no abnormal return (insignificant) at the time during the entire event of organising the G20 Summit, meaning that the market does not react. If an event has information content, it will provide abnormal returns to the market and vice versa, if it does not contain information, it will not provide abnormal returns to the market. This shows that the market has predicted the event before it happened. In accordance with the efficient market hypothesis theory which states that all information relevant to the security is automatically reflected quickly and efficiently in the current security price. In an efficient market, there is no abnormal return because market prices will reflect all available information. Abnormal returns signal to investors the opportunity to make a profit in the capital market due to market inefficiency or the market not being able to incorporate all appropriate information. The G20 Summit event was anticipated and reflected in the price before the event occurred which caused no significant difference between the abnormal return before and after the event.

So based on the theory of the efficient market hypothesis, it can be said that the condition of the Indonesian capital market shows a semi-strong efficient market, because in a semi-strong efficient market, consistent abnormal returns are not expected. In a semi-strong efficient market, stock prices quickly adjust to the available historical information, making it difficult for investors to use this information to beat the market and achieve consistent abnormal returns. Because it is not very easy for investors to obtain consistent abnormal

returns by analysing all the public historical information that has been well accommodated in stock prices. When there is no significant difference in the existence of consistent abnormal returns in the market, it can be said that it supports the theory of the efficient market hypothesis.

The results of this study indicate testing the first hypothesis, that there is no difference in average abnormal returns before and after the G20 Summit, where these results are in line with research conducted by Lestari and Nuzula (2018) which states that the Brexit Event does not form a significant difference in abnormal return value between before and after the event, research by Wardhana et al. (2021) analysed the difference in abnormal returns before and after the event of the stipulation of the tax amnesty law, the results of which stated that there was no difference in the average abnormal return before and after the stipulation of the Tax Amnesty Law, and research conducted by Pratiwi and Wirakusuma (2018) whose results showed no difference in abnormal returns, before and after the announcement of the Fed Fund Rate increase. Research by Utami and Purbawangsa (2021), the results also show that there is no significant abnormal return during the event period of the announcement of the decline in fuel prices and in line with research by Yahya et al. (2023) where the results of the Omnibus Law attestation have no significant effect on abnormal returns.

2. Discussion of Differences in Average Trading Volume Activity of LQ45 Shares Before and After the G20 Summit.

This study aims to analyse the capital market reaction measured by the difference in average trading volume activity of LQ45 stocks listed on the IDX before and after the G20 Summit. Based on the results of testing the second hypothesis using the Wilcoxon Signed Rank Test in Table 4.11. The results state that there is a significant difference between the average trading volume activity at the time before and after the G20 Summit, where H_1 is accepted. This result is evidenced by the Sig. (2-tailed) value of 0.000 which means it is smaller than the probability (α) that has been set at 0.05.

This shows that the G20 Summit contains information that can help investors make investment decisions, so there is a market reaction with changes in stock trading volume activity due to abnormal returns that vary as a result of stock price fluctuations. The mean of TVA Before is 0.00195955, which indicates that overall there is no significant upward or downward trend. As for the After TVA variable, the mean of the data is 0.00120255 which indicates that overall there is an upward trend in TVA after the G20 Summit. Average trading volume activity before the G20 Summit event is higher than the average trading volume activity after the event, indicating that before the event investors had expectations of the G20 Summit event, by increasing buying and selling activity to seek possible profits or save the portfolio from the possible negative impact of the G20 Summit event. Whereas after the G20 Summit, investors are more careful by reducing buying and selling activities within a certain period of time after the event, so the average trading volume is lower.

An increase in trading volume activity despite the absence of abnormal returns may reflect high speculation in the market. Investors engage in active trading in the hope of profiting from smaller price movements. This speculative activity can increase trading volume activity without any significant change in the fundamental values that affect the stock price. In addition, high trading volume activity is due to investors being able to see different values in the stock and making active transactions in an attempt to achieve profits. This occurs due to diverse market perceptions, different investment strategies, or different interpretations of

available information.

The efficient market hypothesis predicts that the market will give a positive market response to good news, and a negative response to bad news. The efficient market hypothesis results in trading volume activity that is reflective of relevant published information. In a semi-strong efficient market, relevant public information is expected to be well accommodated in stock prices. High trading volume activity may reflect efficiency in information discernment. When new or important information is published, investors quickly react and trade in accordance with efficient market principles. Trading volume activity increases whenever there is new information that can affect the price of the security, in this case it is shown from the average trading volume activity before the event is higher than the average trading volume activity after the G20 Summit event. This is likely due to investors who have anticipated and prepared their positions before the G20 Summit. The expectation that the event would have a significant impact on stock prices, resulted in an increase in trading activity before the G20 Summit to gain opportunities or protect against risks that could arise. The decrease in trading volume activity after the G20 Summit is due to the possibility that investors perceive the G20 Summit as not as big as previously anticipated. This may reduce interest in trading activity.

The results of this study indicate testing the second hypothesis, that there are differences in average trading volume activity before and after the G20 Summit, where these results are in line with research conducted by Febriyanti and Rahyuda (2016) which states that there are differences in trading volume activity before and after the announcement of an increase and decrease in fuel prices. Research by Choiriliyah et al. (2016) analysed the capital market reaction to the decline in fuel prices for the transportation industry sector on the IDX, that there was a significant difference in average trading volume activity in the period before and after the event. This research is also in line with research conducted by Pratiwi and Wirakusuma (2018) which shows that there are differences in trading volume activity before and after the announcement of the Fed Fund Rate increase. Fajarwati and Nurasik (2020) also stated that there was a difference in average trading volume activity before and after Bank Indonesia's decision regarding interest rates. Pondaag et al. (2020) stated that there were differences in trading volume activity before and after the global financial crisis. And in accordance with research conducted by Yahya, et al. (2023) that the passage of the Omnibus Law has a significant effect on trading volume activity.

CONCLUSIONS

Based on the results of the research that has been conducted, the following conclusions can be drawn:

1. Based on the test results using the Wilcoxon signed rank test, it states that there is no significant difference between the average abnormal return at the time before and after the G20 Summit. Investors interpret differently the effect of the G20 Summit on security prices. This shows that the market has predicted the event before it happened. Some investors respond by taking action, while other investors choose to remain passive. These different investor reactions can result in varying abnormal return values before and after the G20 Summit, so overall there is no significant difference.

2. Based on the test results using the Wilcoxon signed rank test, it states that there is a significant difference between the average trading volume activity at the time before and after the G20 Summit. This shows that in changes in the level of trading activity in the capital market, TVA after the G20 Summit event is significantly lower than TVA before the event. This means that before the event investors had hopes for the holding of the G20 Summit, by increasing buying and selling activities to seek possible profits or save portfolios from the possible negative impact of the G20 Summit event. Meanwhile, after the G20 Summit, investors are more careful by reducing buying and selling activities within a certain period of time after the event, so that the average trading volume is lower.

The above may give an indication of the capital market reaction to the G20 Summit. Although there is no significant difference in average abnormal return, the difference in average trading volume activity reflects the change in trading activity in the market. This suggests that although there is no change in the profit or loss generated from the investment, investors are still taking positions and conducting more active transactions within a certain period of time in relation to the hosting of the G20 Summit.

SUGGESTIONS

1. For Investors
   Investors must always pay attention to events that occur both nationally and internationally that can affect the capital market, in order to respond to the information contained in these events properly and be able to make the right investment decisions to gain profits and minimise the risk of investment losses.
2. For Future Researchers
   Future researchers are expected to develop relevant research by examining securities operating in sectors related to strategic issues in organising the G20 Summit, using the mean adjusted model or market model method and adding other variables such as bid/ask spread or security return variability.

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