



SUMMARY

RANGGA NAKASUMI. Analysis of Religious Holidays Impact to Jakarta Islamic Index Component Period 2010-2012. Supervised by HERMANTO SIREGAR and TRIAS ANDATI.

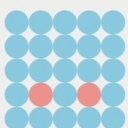
Indonesian capital market in recent years has developed quite rapidly. This is evidenced by the increase in Jakarta Composite Index (JCI) from the position in December 2011 of 3.821,992 to 4.281,86 at the end of December 2012, or grew 12.03%, eighth highest in Asia-Pacific. The increase of JCI has led to the growth of a number stock index. Capitalization-weighted index of the 45 most heavily traded stocks (LQ45) grew by 10.82% compared to 2011, while the Jakarta Islamic Index (JII) contains 30 stocks sharia increased higher than LQ45 by 13.17%. Based on these developments, JII grew higher than LQ45 stock index.

Along with the improvement of the investment climate in Indonesia capital market, study about the stock return is still a relevant topic for investors in Indonesia. One of them is holiday effect on stock return. Holiday effect in US, as the center of world capital market, and Indonesia are significantly different. American investor near the holiday tend to make stock purchasing so the price rose, while Indonesian investor tend to sell stocks because of concerns about information that is uneven and causes uncertainty. This caused stock price fall ahead of holiday in Indonesia (Salim 2013). Furthermore, holiday US tend to have long periods although few in number, unlike in Indonesia, which has a day off but the period is much shorter. Holidays in Indonesia, which has a long period of time is a religious holiday like Eid holidays and Christmas holidays.

Towards the religious holidays, the tendency of people to spend money increases as indicated by increasing the prices of consumer goods. This phenomenon occurs because of a religious holiday happens only once a year is often used by the public as well as the long holiday gathering event to other relatives. On the other hand, increases in the prices could lead to inflation. The effect of inflation on stock prices has been shown by the Iqbal and Hader (2005) in his research that discovered that inflation is a macroeconomic factor that significantly affects stock returns.

Previous research on the impact of holidays on stock prices shows different results. This is partly due because of investors psychological factors in making financial decisions (Rystorm and Benson, 1989, Kent Daniel 1998). In addition, public holiday in each different country also affect the results of previous studies. Kim and Park (1994) concluded that holidays effect on stock returns in Japan and UK stock market are not affected by holidays that occur in the United States. Meanwhile, stock returns which obtained after holiday in the Bombay Stock Exchange Sensitive Index is positive and significantly different than the returns on other trading days (Arumugam 1999). Chomariah (2004) in her research concluded after the holiday stock prices moving unnaturally, whereas before the holidays did not show a significant effect. Akrami, Garkaz, and Mehrazin (2012) concluded that the abnormal return occurs before and after the month of Ramadhan in Iran significantly different due to economic activity decline who predominantly Moslem.

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The lack of consistency of the conclusions research on the impact of trading days on stock returns, makes it an interesting phenomenon to be researched. It is expected that this research was able to provide input to businessmen in Indonesia considering the factors that affect the returns if they will make an investment on stock market. The purpose of this research is measuring significant abnormal return which indicate holidays effect anomaly around the religious holidays in stocks listed on the JII stock group during 2010-2012 period.

This research uses quantitative econometric and descriptive approach using secondary data. The method to be used is the event study. Event study is a study to examine the effect of an event on the securities prices of the company. Data used in this study are secondary data from daily closing prices (time series) of JII stock index, PT. Unilever Indonesia, Tbk (UNVR) stock price, PT. Jasa Marga Tbk (JSMR), and PT. Mayora Indah Tbk (MYOR). UNVR and MYOR chosen because the two companies was a consumer goods company and holidays have significantly impact on the consumption sector index (Rachmawati 2005), while JSMR chosen because of the intensity of the toll road users when the holiday has increased quite rapidly.

In this study it can be concluded that significant abnormal returns occur after Eid holidays 2010-2012 and before also after the Christmas holidays 2010-2012. The difference in results of this study is caused due to various factors. One of them is the calendar day following the Eid holiday calendar or Hijri calendar, so the AD calendar annually experiencing the difference. Christmas holiday is always celebrated every year on the same date December 25. This causes the differences in investor reaction resulting in differences on both days of the holiday. Moreover, psychological factors of investors, both individual and institutional differences also affect the results of this study (Rystorm and Benson, 1989, Daniel, Hirshleifer, dan Subrahmanyam 1998).

Keywords: *Abnormal Return, Event Study, Jakarta Islamic Index*

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