

## SUMMARY

ADITHIA ANGGRAENI. The Effect Analysis of Banking Corporate Bond Issuance Towards The Stock Market Reaction. Supervised by SRI HARTOYO and HENDRO SASONGKO.

Corporate funding through capital market in Indonesia had experienced growth from 2013 to 2017. Based on IDX data in 2017, Indonesia's capital market capitalization increased 67,15% and dominated by finance sector stocks, trading frequency increased 98,33%, the total number of investors increased by 250,28%, the number of companies listed on the exchange increased from 483 companies to 566 companies. The market capitalization of finance sector stock was dominated by the stock of the banking subsector up to 91,87%. The tendency of Indonesian companies to issued corporate bonds is also high. The banking subsector has dominated 38,52% of the corporate bond market in Indonesia. This research aimed to analyze the development of the stock and corporate bond markets in the banking subsector of Indonesia from 2013 to 2017, analyzing the effects of the corporate bond issuance events, the internal and external factors towards the prices stock, analyzing the effects of the corporate bond issuance events towards the abnormal return stocks of banks listed in the IDX from 2013 to 2017.

This study used a descriptive approach, multiple linear regression model and paired sample t-test. The descriptive approach is used to obtain information on the development of the stock and corporate bond markets in the banking subsector of Indonesia from year 2013 to 2017. Multiple linear regression model is conducted to analyzing the effects of the corporate bond issuance events towards the stock prices, as well to analyzing the effect of internal and external factors towards the stock prices. Paired sample t test to determine whether the *mean* difference between abnormal stock returns before and after the corporate bond issuance events. The population in this study are banking companies that listed in IDX from year 2013 to 2017. This research's sample are 16 banking companies.

This research showed that the stock and bond markets in the banking subsector of Indonesia had experienced growth from 2013 to 2017. Based on the results of partial regression, the announcement of issuance of corporate bonds, dividends per share, NIM and the exchange rate of rupiah to USD had a significant influence on stock prices and the form of influence was positive. NPL, DER, CAR, BI Rate and inflations had significant effects on prices stocks and the forms of influence were negative. Furthermore, the results of paired sample t-test indicated a significant negative abnormal return on H-1 and a significant positive abnormal return on H = 0 announcement of the bond issuance.

Keywords: abnormal stock return, external factor, internal factor, stock price coprorate bonds