

**THE EFFECT OF PRESIDENTIAL ELECTION IN INDONESIA AND U.S.A TO INDONESIA  
COMPOSITE INDEX (IDX) FROM 1999-2014**

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## STATEMENT BY THE AUTHOR

I hereby declare that this submission is my own work and to the best of my knowledge, it contains no material previously published or written by another person, nor material which to a substantial extent has been accepted for the award of any other degree or diploma at any educational institution, except where due acknowledgement is made in the thesis.

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## ABSTRACT

### THE EFFECT OF PRESIDENTIAL ELECTION IN INDONESIA AND U.S.A TO INDONESIA COMPOSITE INDEX (IDX) FROM 1999-2014

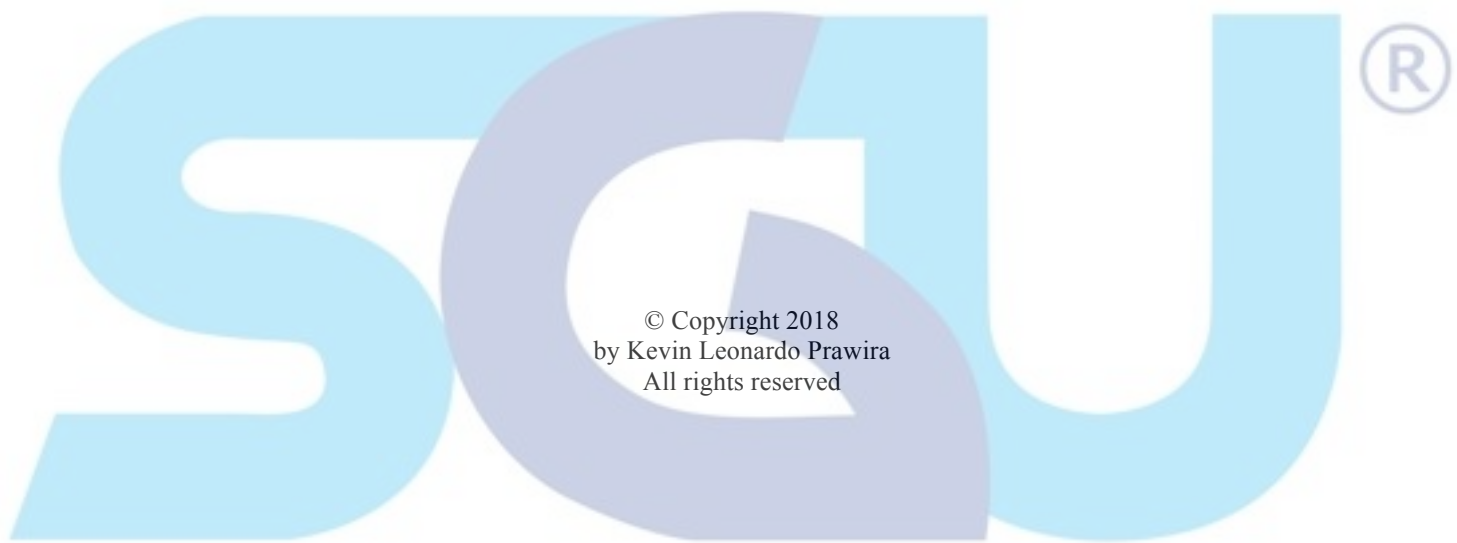
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Political risk is one of the external factor that investor should face when creating the best portfolio for investment. There is uncertainty during Presidential election because election bring change to the regulations, hierarchy and etc. There might be change of regulations in certain aspects, which benefit some parties and vice versa. Hence, the right asset allocation is a must for profit maximization. Especially, in the era of globalization which make countries become more connected in many ways including political and financial sectors. Another country election might affect domestic stock market because nowadays market players can easily shift their money to other countries and major powerful countries have more ties to other countries. This study tries to help investors to know the movement of abnormal return during elections period. This study adopt even methodology that determines effects of certain events to an independent variable, which is Indonesia Composite Index in this research. Descriptive and Inferential Statistics are used to process the cumulative abnormal return data. Results are interpreted and analyzed. This research shows that abnormal returns are present during Presidential Election, however not all election periods lead to positive abnormal return.

*Keywords: Cumulative Abnormal Return, Election, Presidential, Stocks*



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## DEDICATION

I dedicate this works for my loved ones and growth of Indonesia.



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