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# MARKET REACTION TO THE LATEST APPOINTMENT OF THE FINANCE MINISTER: EMPIRICAL EVIDENCE THROUGH ABNORMAL RETURN, TRADING ACTIVITY AND STOCK VOLATILITY ON THE LQ45 INDEX

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***Abstract***

*This study examines the Indonesian capital market reaction to the announcement of the appointment of Purbaya Yudhi Sadewa as Minister of Finance on September 8, 2025. Using an event study approach, the analysis focuses on companies included in the LQ45 index and observes market reaction within an eleven-day event window from five trading days before to five trading days after the announcement. Market reaction is measured using abnormal return, trading volume activity, and stock volatility. The data consist of daily stock prices, trading volume, outstanding shares, and market index data obtained from capital market data sources. Because the normality test indicates that the data are not normally distributed, the hypotheses are tested using the Wilcoxon Signed Rank Test. The findings show significant differences in abnormal return, trading volume activity, and stock volatility before and after the announcement. These results indicate that the appointment of the Minister of Finance contains information value for investors and is associated with changes in price reaction, trading intensity, and perceived market risk among LQ45 stocks. The study contributes to event study literature by documenting market responses to a strategic fiscal leadership event in an emerging capital market.*

**Keywords:** *Abnormal Return, Event Study, LQ45, Trading Volume Activity, Stock Volatility*

## 1. INTRODUCTION

As a funding source used to channel public funds to productive sectors, the capital market plays a significant role in supporting the country's economic development. The capital market also benefits companies by providing an alternative source of long-term financing that will assist them in growth or expansion; on the other hand, it provides investors with a place to invest their money and earn returns. The Financial Services Authority (OJK) emphasized that the capital market continues to be encouraged to further support sustainable economic growth and play a vital role in national economic development (Financial Services Authority, 2024). Capital market development is often used as a key indicator for assessing a country's economic condition.

Capital market development in Indonesia in recent years has shown a very significant trend, particularly in terms of the number of investors. Data from the Indonesian Central Securities Depository (KSEI) as of the end of December 2025 shows that the number of capital market investors had reached 20,347,147 SID, an increase compared to 14,871,639 SID in 2024 and 12,168,061 SID in 2023. The data demonstrates consistent growth in the capital market investor base in Indonesia. Furthermore, the growth rate of capital market investors in December 2025 was recorded at 3.43% compared to the previous month (KSEI, 2025). This increase indicates that the capital market is increasingly attractive to the public as an investment alternative. The growing number of investors also indicates that information and sentiment developing in the market have the potential to increasingly influence market participants' investment decisions.

However, capital market dynamics are not entirely determined by a company's fundamental performance but are influenced by numerous external and internal factors, including political conditions, the direction of government policy, particularly regarding fiscal measures, the stability of the domicile in the macroeconomic environment, and market participants' perceptions of future risks. Information is a key focus in modern financial theory because investors consider relevant information to develop their expectations when trading stocks, which in turn results in changes in stock prices and trading volume (Hirshleifer et al., 2025). Furthermore, increased economic, financial, and policy uncertainty can also be reflected in market volatility (Asgharian et al., 2023). Nguyen et al. (2023) showed that political uncertainty is associated with increased stock market volatility, indicating that the market perceives political events as economically valuable information. These findings reinforce the view that political and economic information can elicit market reactions over time, whether in the form of abnormal returns, changes in trading activity (Wright & Swidler, 2023), or increased volatility (Nguyen et al., 2023).

Political events and government policies are key sources of information that trigger reactions in the capital market. Political events such as general elections, cabinet announcements, changes in government officials, and strategic economic policies can shape investor expectations regarding economic stability, policy continuity, and the future of the market. According to Rochimah & Yuliana (2024), political analysis can be measured using event studies because, in this case, the content of political information has distinct effects and serves as new information that can influence market reactions. Other research shows that national political events result in changes in abnormal returns and trading volume activity of all shares of companies listed in the LQ45 index, which supports the Indonesian capital market's sensitivity to political news data deemed relevant by investors (Nastiti et al., 2026).

Among these various political-economic events, the appointment of the Minister of Finance is one with significant potential to influence the capital market. This is because the Minister of Finance plays a crucial role in state fiscal management, budgeting, taxation,

treasury, financing, maintaining the continuity of development financing, and supporting the stability of the national financial system. Normatively, Presidential Regulation No. 158 of 2024 affirms that the Ministry of Finance administers government affairs in the financial sector and is led by a Minister who is subordinate to and accountable to the President. This position demonstrates that the Minister of Finance is not merely an administrative official, but a key actor in maintaining fiscal credibility, the sustainability of the state budget, and market confidence in the national economy.

The 2025 Macroeconomic Framework and Fiscal Policy Principles document emphasizes that the Minister of Finance, in exercising his authority over fiscal management, has duties including formulating fiscal policy and the macroeconomic framework. Furthermore, the Ministry of Finance emphasizes that the State Budget (APBN) functions as a shock absorber in maintaining economic growth and stability amidst global uncertainty (Ministry of Finance, 2025). This position makes the Minister of Finance crucial, as his or her leadership style can influence fiscal credibility and investor confidence in the national economy (Alexiadou et al., 2022).

The appointment of a new Minister of Finance is often a key focus for market participants, as it can signal the direction of the government's future economic policy. When a change or appointment of a Minister of Finance occurs, investors assess whether the appointed figure is perceived as capable of maintaining fiscal discipline, policy continuity, and national economic stability. Reactions to this information can be reflected in stock price movements, changes in trading volume activity, and increased stock volatility around the announcement date. On September 8, 2025, the President of the Republic of Indonesia officially announced the appointment of Purbaya Yudhi Sadewa as Minister of Finance through Presidential Decree Number 86/P of 2025. On the same day, the market showed an initial response reflected in the weakening of the Composite Stock Price Index (IHSG) by 1.28% or down to 7,766.85 after the announcement of the cabinet reshuffle (IDX Channel, 2025). In addition, Bank Indonesia also recorded non-resident net sales of IDR 2.22 trillion in the stock market for the transaction period of September 8-11, 2025, indicating pressure in the stock market during the period surrounding the event (Bank Indonesia, 2025).

This event is significant for the market because a change in the Minister of Finance position can influence investor expectations regarding fiscal policy continuity, debt management, exchange rate stability, and national economic policy coordination (Alexiadou et al., 2022). Given the Minister of Finance's strategic role in maintaining fiscal credibility, state budget stability, and investor confidence in the national economy, this situation suggests that the appointment of Purbaya Yudhi Sadewa contains information worthy of analysis using an event study approach. This study focuses on the moment when information about Purbaya Yudhi Sadewa's appointment as Minister of Finance was first officially announced to the public on September 8, 2025. This determination is based on the

consideration that market response occurs as soon as the information becomes available to investors, while the handover of office will not take place until September 9, 2025.

One method frequently used in financial research to observe market response to a specific event is an event study. You have data through October 2023. This approach is used to assess whether the event conveys sufficiently relevant information that investor behavior in the capital market will change due to the underlying companies' responses (Rante et al., 2020). Abnormal returns are widely used in event study research to assess market responses, both in terms of abnormal gains. Trading volume activity is often used to investigate variations in trading intensity, while stock volatility can be used to capture changes in investor uncertainty levels. Therefore, using all three measures provides a broader analysis of market response: an event is not always immediately reflected in returns, but rather through trading. Trader responses sometimes emerge more quickly than audible reactions in stocks; and sentiment needs to be monitored for changes in risk when the threat of further volatility arises.

ons in response to specific political events in the country. Pratama et al. (2024) analyzed the capital market reaction to the 2024 Indonesian Presidential Election, and Putri & Mariana (2025) analyzed the LQ45 index reaction after the inauguration of President Prabowo-Gibran. A similar study by Prabawangsa & Wahyuni (2025) within an institution has shown that ministerial changes are also important to analyze using a market reaction framework based on the inauguration of ministers of the Red and White Cabinet on stocks listed on the IDX-30. Previous studies have shown mixed results regarding market reactions to political events in Indonesia. These results indicate a significant abnormal reaction in initial returns after disclosure and trading volume activity in some studies, but no significant differences were found in other exploratory studies. These differences in findings suggest that event characteristics and market measurement indicators are important determinants of the results underlying the analysis.

While numerous studies have focused on market reactions to political events in Indonesia, most have focused on presidential elections and inaugurations. Very little has been written about the appointment of the Minister of Finance, generally considered a key player in fiscal policy. However, the number of studies using stock volatility as an indicator of market reaction remains relatively low, even though volatility can indicate the extent of market uncertainty surrounding information, in addition to what is revealed through abnormal returns. Furthermore, research on market reactions to the appointment of the latest Minister of Finance in the context of the Indonesian capital market is still rare. Existing research on the replacement of the Minister of Finance in 2025 tends to focus on different variables, such as the Jakarta Composite Index (JCI), the rupiah exchange rate, and interest rates, rather than on the direct reaction of leading stocks (Allaam & Priantinah, 2025). On the other hand, research on the latest ministerial inaugurations also uses more samples from

the IDX-30, not the LQ45, and has not included stock volatility as a primary indicator (Prabawangsa & Wahyuni, 2025).

To address this gap, we investigated abnormal returns, trading volume, and volatility of traded stocks in response to the Minister of Finance's announcement regarding companies included in the LQ45 index. These three indicators were chosen because abnormal returns can indicate market response through changes in abnormal earnings, trading volume activity reflects the intensity of investor transactions in response to information as an indicator, while stock volatility indicates market uncertainty regarding conditions that may not always be captured by changes in returns and trading activity.

Given the above description, research on the market response to the announcement of the appointment of the new Minister of Finance is necessary because this event directly impacts the direction of fiscal policy and national economic stability. Market anticipation of this event can provide insight into how much value investors place on government economic policy and how quickly the capital market reacts to significant leadership changes in key parts of a country's economy. Furthermore, from an academic perspective, this research is expected to contribute to the development of event studies literature in Indonesia, particularly regarding political events and stock price reactions. This study uses abnormal returns, trading volume activity, and stock volatility in the LQ45 index as indicators, which are expected to provide a deeper understanding of how the capital market responds to strategic information related to government economic policy.

Based on the theoretical framework and previous empirical findings, the hypotheses of this study are formulated as follows:

H1: There is a significant difference in abnormal returns on stocks included in the LQ45 index before and after the announcement of the appointment of the latest Minister of Finance.

H2: There is a significant difference in trading volume activity in the stocks included in the LQ45 index before and after the announcement of the appointment of the latest Minister of Finance.

H3: There is a significant difference in stock volatility in the stocks included in the LQ45 index before and after the announcement of the appointment of the latest Minister of Finance.

## 2. RESEARCH METHOD

### Research Design

This research is a quantitative event study, focusing on how the market reacts to a specific event, in this case, the announcement of the appointment of the new Minister of Finance. We used a quantitative approach to obtain the method because our method involves processing numerical data, as evidenced by the abnormal returns that occurred around the event period, as well as stock trading volume and volatility.

**Research Period**

In this study, we selected an event window ranging from t-5 to t+5 for 11 observation days: five days before and five days after the announcement day (t). The selection of the t-5 to t+5 timeframe is justified because it is long enough to allow for market reactions both before and after the information release. The five days before the announcement were used to examine whether a faster market response was observed, and the five days after the event were used to determine how quickly the market reacted after receiving this information.

**Data Sources and Types**

The data source is secondary data, which is data obtained indirectly through documents, reports, and publications from institutions or websites that provide capital market data. The secondary data used in this study was obtained from the following reliable sources: Indonesia Stock Exchange (IDX), Yahoo Finance / Investment / IDX Statistics, The official website of the Indonesia Stock Exchange (www.idx.co.id).

**Data Collection Technique**

In this study, data analysis was conducted in several stages, as follows:

1. Descriptive Statistical Analysis

Descriptive statistical analysis was used to describe the characteristics of the research data, such as the average (mean), maximum value, minimum value, and standard deviation of each research variable.

2. Data Normality Test

The normality test was used to assess whether the research data was normally distributed. The most recent normality test methods used worldwide are the Kolmogorov-Smirnov test or the Shapiro-Wilk test.

3. Hypothesis Testing

Hypothesis testing in this study was conducted to determine whether there were significant differences between the research variables before and after the announcement of the latest Minister of Finance's appointment.

**Population and Sample Selection**

The population of this study was all companies listed in the LQ45 index on the Indonesia Stock Exchange (IDX), with various companies having capital that met the threshold during the study period. The LQ45 index contains 45 companies with high liquidity and large market capitalization, selected from the main index on a semi-annual basis by the Indonesia Stock Exchange.

The sampling technique used in this study was purposive sampling, which selects samples based on specific criteria that align with the objectives. The sample selection criteria for this study were:

1. Companies listed in the LQ45 index during the study period.
2. Companies with complete daily stock price data during the study period.
3. Companies that did not experience a stock trading suspension during the study period.

4. Companies that did not undertake major corporate actions during the study period, such as stock splits, rights issues, mergers, acquisitions, or other corporate actions that could potentially significantly impact stock prices.

**Table 1** Sample Company

| NO | COMPANY CODE | COMPANYE |
|---|---|---|
| 1 | AADI | PT Adaro Andalan Indonesia Tbk |
| 2 | ACES | PT Aspirasi Hidup Indonesia Tbk |
| 3 | ADMR | PT Alamtri Minerals Indonesia Tbk |
| 4 | ADRO | PT Adaro Energy Indonesia Tbk |
| 5 | AKRA | PT AKR Corporindo Tbk |
| 6 | AMMN | PT Amman Mineral Internasional Tbk |
| 7 | AMRT | PT Sumber Alfaria Trijaya Tbk |
| 8 | ANTM | PT Aneka Tambang Tbk |
| 9 | ARTO | PT Bank Jago Tbk |
| 10 | ASII | PT Astra International Tbk |
| 11 | BBCA | PT Bank Central Asia Tbk |
| 12 | BBNI | PT Bank Negara Indonesia Tbk |
| 13 | BBRI | PT Bank Rakyat Indonesia Tbk |
| 14 | BBTN | PT Bank Tabungan Negara Tbk |
| 15 | BMRI | PT Bank Mandiri Tbk |
| 16 | BRIS | PT Bank Syariah Indonesia Tbk |
| 17 | BRPT | PT Barito Pacific Tbk |
| 18 | CPIN | PT Charoen Pokphand Indonesia Tbk |
| 19 | CTRA | PT Ciputra Development Tbk |
| 20 | EXCL | PT XL Axiata Tbk |
| 21 | GOTO | PT GoTo Gojek Tokopedia Tbk |
| 22 | ICBP | PT Indofood CBP Sukses Makmur Tbk |
| 23 | INCO | PT Vale Indonesia Tbk |
| 24 | INDF | PT Indofood Sukses Makmur Tbk |
| 25 | INKP | PT Indah Kiat Pulp & Paper Tbk |
| 26 | ISAT | PT Indosat Ooredoo Hutchison Tbk |
| 27 | ITMG | PT Indo Tambangraya Megah Tbk |
| 28 | JPFA | PT Japfa Comfeed Indonesia Tbk |
| 29 | JSMR | PT Jasa Marga (Persero) Tbk |
| 30 | KLBF | PT Kalbe Farma Tbk |
| 31 | MAPA | PT Map Aktif Adiperkasa Tbk |
| 32 | MAPI | PT Mitra Adiperkasa Tbk |

| | | |
|---|---|---|
| 33 | MBMA | PT Merdeka Battery Materials Tbk |
| 34 | MDKA | PT MDKA Mulya Pratama Tbk |
| 35 | MEDC | PT Medco Energi Internasional Tbk |
| 36 | PGAS | PT Perusahaan Gas Negara Tbk |
| 37 | PGEO | PT Pertamina Geothermal Energy Tbk |
| 38 | PTBA | PT Bukit Asam Tbk |
| 39 | SCMA | PT Surya Citra Media Tbk |
| 40 | SMGR | PT Semen Indonesia (Persero) Tbk |
| 41 | SMRA | PT Summarecon Agung Tbk |
| 42 | TLKM | PT Telekomunikasi Indonesia (Persero) Tbk |
| 43 | TOWR | PT Tower Bersama Infrastructure Tbk |
| 44 | UNTR | PT United Tractors Tbk |
| 45 | UNVR | PT Unilever Indonesia Tbk |

**Source:** *Data Processed, 2026*

**Variable Measurement**

The variables used in this study consist of the following market reaction indicators:

**a. Abnormal Return**

Abnormal return is the difference between the actual return an investor receives and the expected return. Abnormal return is used to measure market reaction to a specific event. Stock returns are calculated using the formula:

$$R_{it} = \frac{P_{it} - P_{it-1}}{P_{it-1}}$$

Description:
Rit = stock return of company i at time t
Pit = stock price of company i at time t
Pit-1 = stock price of company i at the previous time
Abnormal return is calculated using the formula:

$$AR_{it} = R_{it} - E(R_{it})$$

Description:
ARit = abnormal return of stock i in period t
Rit = actual return of stock i in period t
E(Rit) = expected return of stock i in period t

**b. Trading Volume Activity (TVA)**

Trading Volume Activity is used to measure stock trading activity occurring in the capital market. TVA is calculated using the formula:

$$TVA = \frac{The\ number\ of\ shares\ traded}{The\ number\ of\ shares\ outstanding}$$

The greater the TVA value indicates the higher the stock trading activity in a certain period.

**c. Stock Volatility**

Mathematically, stock volatility in this study is calculated using the following formula:

$$\sigma_i = \sqrt{\frac{\sum_{t=1}^{n}(R_{it} - \bar{R}_i)^2}{n-1}}$$

Description:

σ_i = volatility of stock i

R_it = return of stock i on day t

(R_i ) ¯ = average return of stock i during the observation period

n = number of observation days

**Statistical Analysis**

**a. Paired Sample t-Test**

If the research data is normally distributed, then hypothesis testing is conducted using a paired t-test to identify differences in variable values before and after an event. Wilcoxon signed-rank test: This method can determine whether there are significant differences between two groups of paired data.

**b. Wilcoxon Signed Rank Test**

If the data is not normally distributed, hypothesis testing is performed using the Wilcoxon Signed Rank Test as an alternative to the paired sample t-test.

## 3. RESULTS AND DISCUSSION

**Result**

**1. Descriptive Statistical Test**

**Tabel 2 Descriptive Statistical Test**

| | N | Minimum | Maximum | Mean | Std Deviation |
|---|---|---|---|---|---|
| AR Before | 225 | -0.9010 | 8.7207 | 0.0302 | 0.5907 |
| AR After | 225 | -0.0463 | 0.0896 | 0.0051 | 0.0236 |
| TVA Before | 225 | 0.0017 | 8.2882 | 0.6940 | 0.9296 |
| TVA After | 225 | 0.0161 | 7.8118 | 0.6424 | 0.7862 |
| Volatilitas Before | 225 | 0.0000 | 7.2577 | 0.0340 | 0.4837 |
| Volatilitas After | 225 | 0.0000 | 0.0006 | 0.0001 | 0.0000 |

*(Data processed by SPSS, 2026)*

Based on the results of descriptive statistical tests These values indicate that abnormal returns in the market were quite widespread before the announcement. On the other hand, for the announcement, the minimum value was -0.0463 and the maximum was 0.0896, with a mean of 0.0051 and a standard deviation of 0.0236. The decrease in the mean and standard deviation after the announcement indicates that abnormal returns stabilized; market fluctuations across all information statements and the Minister of Finance's announcement also decreased.

**2. Data Normality Test**

The purpose of the normality test is to determine whether the variables used in the study are normally distributed. The normality tests used in this study are the Kolmogorov–Smirnov normality test and the Shapiro–Wilk test. A critical value >0.05 indicates that the research data is normally distributed. Conversely, a critical value <0.05 indicates that the research data is not normally distributed.

**a. Kolmogorov Smirnov test**

Table 3 Kolmogorov Sminov Normality Test

| Variabel | Nilai Sig | Keterangan |
|---|---|---|
| AR before | 0,000 | Tidak Berdistribusi Normal |
| AR after | 0,000 | Tidak Berdistribusi Normal |
| TVA before | 0,000 | Tidak Berdistribusi Normal |
| TVA after | 0,000 | Tidak Berdistribusi Normal |
| VS before | 0,000 | Tidak Berdistribusi Normal |
| VS after | 0,000 | Tidak Berdistribusi Normal |

*(Data processed by SPSS, 2026)*

Based on the results of the table above, all research variables, namely AR, TVA and Stock Volatility before and after the announcement of the appointment of Purbaya Yudhi Sadewa as Minister of Finance on September 8, 2025, have data that is not normally distributed.

**3. Hypothesis Testing**

Table 4 Wilcoxon Signed Rank Test Hypothesis Test Results

| Variabel | Nilai Sig | Keterangan |
|---|---|---|
| *Abnormal Return* | 0,000 | Terdapat perbedaan signifikan |
| *Trading Volume Activity* | 0,028 | Terdapat perbedaan signifikan |
| Volatilitas Saham | 0,000 | Tidak terdapat perbedaan signifikan |

*(Data processed by SPSS, 2026)*

Based on the results of the Wilcoxon Signed Rank Test hypothesis test in table 4, the following results are:

**a. Abnormal Return**

The Wilcoxon Signed Rank Test for stock volatility produces a significance value of 0.000, which is lower than 0.05. Therefore, H3 is accepted, indicating a significant difference in stock volatility before and after the announcement. This result suggests that the appointment announcement was associated with a change in market uncertainty and investor risk perception around the event window.

**b. Trading Volume Activity**

The following shows that the Trading Volume Activity variable has a significance value of 0.028 based on the analysis of the Wilcoxon Marked Ranking Test results. And the result shows a value of less than 0.05 which means there is a significant difference in stock trading volume activity before or after the announcement of Purbaya Yudhi Sadewa as Minister of Finance on September 8, 2025. This means that the hypothesis stating that there is a difference in trading volume activity before and after the announcement is accepted. Overall, these findings show that an announcement affects stock trading in the capital market

**c. Stock Volatility**

The Wilcoxon Signed Rating Test shows that the stock volatility variable is less than 0.000 (see Table above). This value is less than 0.05 which means there is a significant difference in stock volatility before and after the Purbaya announcement Yudhi Sadewa was appointed as the Minister of Finance on September 8, 2025. Therefore, the zero hypothesis that states that there will be no change in stock volatility before and after the announcement is rejected. This result shows that the information regarding the appointment announcement is partially absorbed by the market, which can be observed directly through changes in the volatility level around the announcement date. This difference in volatility indicates that investors make adjustments to their expectations and investment decisions as a reaction to the information received from the event.

## Discussions

### Abnormal Returns Before and After the Latest Finance Minister Announcement

Differences in abnormal returns for companies included in the LQ45 index for the five days before and after the announcement were analyzed using the non-parametric Wilcoxon Signed-Rank Test. This test is appropriate because the abnormal return data do not meet the assumption of normality (verified using the Kolmogorov-Smirnov normality test).

The test results indicate a significant difference (Asymp. Sig. p-value is 0.000 (2-tailed), which is smaller than $\alpha = 0.05$). Therefore, there is a significant difference in

abnormal returns between the periods before and after the announcement of the Minister of Finance. Thus, the first hypothesis (H1) is accepted. These results indicate that the LQ45 stock market reacts quickly to information signals regarding the announcement of the change of Minister of Finance. Public information is immediately absorbed by the market, resulting in abnormal returns that are statistically significantly different.

For the five days following the announcement, abnormal returns tended to decline (average negative), reflecting bearish investor sentiment regarding the risk of a leadership transition at the Ministry of Finance. This aligns with previous research by Pajrianti (2024) on the impact of political announcements on stock returns, where high-ranking official changes often trigger abnormal volatility of up to 2–5% in emerging markets like Indonesia.

This finding is also supported by Saputri (2023), who found a significant difference in abnormal returns before and after the cabinet announcement. LQ45 companies, representing blue-chip stocks, exhibit high sensitivity to macroeconomic news, particularly amidst the 2025 economic conditions impacted by post-pandemic recovery and commodity price fluctuations. However, differences in abnormal returns are not always permanent; markets tend to normalize over the long term after uncertainty subsides.

**Trading Volume Activity Before and After the Latest Finance Minister Announcement**

The Wilcoxon Signed Rank Test yielded a significance value of 0.028, lower than $\alpha = 0.05$ ($p < 0.05$). Thus, there is a significant difference in Trading Volume Activity (TVA) between the periods before and after the Minister of Finance's announcement. Therefore, the second hypothesis (H2) is accepted. The increase in TVA after the announcement indicates a surge in trading activity as investors respond to new information. The market quickly absorbed the news of the ministerial change, triggering higher transaction volumes as investors revised their portfolios (Nastiti et al., 2026).

The increase in trading volume indicates that investors are reacting not only through changes in stock prices but also through changes in investment strategies. Following the announcement of the change in Finance Minister, some investors repositioned their portfolios by shifting stock holdings to assets perceived as safer or with better prospects for potential fiscal policy changes.

The change in Finance Minister sparked speculation from retail and institutional traders. In the period following the announcement, TVA tended to increase sharply, reflecting an influx of buy/sell orders due to the perceived risk of the new fiscal policy under Purbaya Yudhi Sadewa's leadership. These similar results align with research conducted by Pajrianti (2024), which found a significant difference in trading volume before and after the 2024 simultaneous general elections for IDXBUMN20 stocks listed on the IDX. LQ45 companies, characterized by high liquidity, exhibit strong sensitivity to 2025 macroeconomic news, including tax and state budget issues.

**Stock Volatility Before and After the Latest Finance Minister Announcement**

The appointment of Purbaya Yudhi Sadewa as Minister of Finance on September 8, 2025, has the potential to impact the stability of stock market prices through changes in investor expectations regarding fiscal policy direction and national economic conditions. The objective of this study is to identify differences in stock volatility, as measured by the standard deviation of daily returns on the LQ45 index companies listed five days before and after the announcement. Because volatility data is not normally distributed, we conducted a Wilcoxon Signed-Rank Test.

The test results show a significance value of $0.000 < \alpha = 0.05$. The test results indicate a significant difference in stock volatility before and after the announcement of Purbaya Yudhi Sadewa's appointment as Minister of Finance. Thus, the third hypothesis (H3) is accepted. This is usually more appropriate for a thesis/dissertation writing style because the discussion focuses on the meaning of the findings, rather than the statistical testing procedure.

The results of this study align with signaling theory, which states that important information published to the market will be responded to by investors, reflected in changes in trading behavior and stock price movements. The difference in volatility following the announcement indicates that the market considers the change in the Minister of Finance a relevant event in shaping investor expectations. In addition to supporting signaling theory, the results of this study also have implications for the Efficient Market Hypothesis (EMH), specifically its semi-strong form. According to the concept of semi-strong form market efficiency, all available public information is immediately responded to by investors, reflected in stock prices and trading activity. The significant difference in volatility following the announcement of the Minister of Finance indicates that public information regarding the change in strategic government officials contains relevant informational value for the market.

The announcement of Purbaya Yudhi Sadewa's appointment as Minister of Finance affected stock returns and trading activity, ultimately impacting stock volatility in LQ45 companies. This suggests that this information is important to investors as it influences their decisions and risk perceptions regarding investments in the Indonesian capital market. This finding aligns with previous research, which found that changes in financial officials trigger significant reactions to stock fluctuations (Ananda et al., 2026).

## 4. CONCLUSION

The results indicate that the announcement of the appointment of the Minister of Finance was associated with significant changes in abnormal return, trading volume activity, and stock volatility among LQ45 stocks. These findings suggest that investors perceived the event as relevant public information, particularly because the Minister of Finance plays an important role in fiscal credibility and macroeconomic policy direction. However, the

interpretation should be limited to short-term market reaction around the event window, and future studies are encouraged to use alternative expected return models, longer estimation windows, and robustness tests across sectoral indices.

## Implications and Recommendations

### For Investors

Given that the market has proven sensitive to announcements from strategic economic officials, investors are expected to be more alert and responsive to the issue of changes in fiscal leadership, as it has been proven to generate abnormal returns and influence trading volume.

### For Future Research

For further researchers, it is possible to expand the research sample to sectoral indices or all stocks on the IDX to see whether the market reaction is comprehensive or only on blue-chip stocks, using different return estimation models (such as the Market Model or Market Adjusted Model) as a comparison to test the consistency of abnormal return results, extending the observation period to see how long the market reaction lasts before reaching a new equilibrium point.

### For the Government

Recognizing the significant market reaction to ministerial appointments, the government needs to maintain transparency and stability in policy communications to minimize negative sentiment or uncertainty that could depress stock prices.

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