The Reaction of the Sharia Stock Market in the Early Days of the Covid-19 Pandemic in Indonesia

Yulian Bayu Ganar¹, Agrasadya², Mohamad Duddy Dinantara³, Muger Apriansyah⁴, Sahroni⁵, *Zulfitra⁶, Sri Retnaning Sampurnaningsih⁷, Rachmawaty⁸, Noryani⁹, Widya Intan Sari¹⁰, Waluyo Jati¹¹, Masno Marjohan¹², Sarwani¹³, Ali Maddinsyah¹⁴, Denok Sunarsi¹⁵

1.2.3.4.5.6.7.8.9.10.11.12.13.14.15 Universitas Pamulang, Indonesia

^{1,3,4,8,9,10,15}Student of Doctoral Program in Management Science, Universitas Pasundan, Indonesia ^{2,11}Student of Doctoral Program in Management Science, Universitas Pakuan, Indonesia

*Corresponding Author: Zulfitra

Email:dosen01137@unpam.ac.id

ABSTRACT

In 2020, Indonesia was affected by the Corona Virus Pandemic outbreak known as Covid-19. This pandemic has spread globally in almost all over the world. As a result, countries in Indonesia and almost all countries around the world reduce their economic activities. With the existence of this pandemic, researchers are trying to test its impact on the capital market in Indonesia, especially on Islamic stocks in Indonesia, namely the Indonesian Sharia Stock Index (ISSI) and the Jakarta Islamic Index (JII). This research is also to contribute to the Market Efficiency Theory which was first presented by Fama (1970) and then further developed in 1991 by Fama, using an event study. Researchers specifically tested Market Efficiency Theory during the Covid-19 pandemic in Indonesia. Researchers took a sample of each Islamic stock index, namely the closing stock price and stock trading volume (liquidity), as many as 21 stock exchange days in March 2020 compared to the 21 exchange days for the sample observation in March of the previous year. Samples and observations were also taken 21 stock exchange days before and after the announcement of the Covid-19 pandemic in Indonesia on March 2, 2020. The method used in the study was the Event Study with Least Square Regression Method using Eviews 9 software. The study aimed to test the impact, the coronavirus pandemic event on the Islamic stock index in Indonesia. The research results are expected to be used as consideration for companies. investors, and stakeholders in anticipating future pandemic events.

INTRODUCTION

Fama (1970) has explained in his theory that information can have an impact on the stock market, where this theory is known as the Efficiency Market Hypothesis Theory. Fama (1970) also explains that stock prices that occur in the market are a reflection of available information. Therefore, investors also need to take advantage of information that can be used as a basis for making investment decisions to maximize profits from investing in the stock market. This theory continues to develop today and is still being used by investors on stock exchanges around the world. Information not only internal to the company, external company information such as government policy information, macroeconomic information news, news about events in a country or region of the world can also cause a reaction in the stock market. This can also be used as a consideration for investors in making investment decisions in the stock market. Some of the major events that occurred were explained by Utama & Hapsari (2012) that in 2000-2006 the terrorist bomb attacks in Indonesia hurt the Indonesian capital market, especially the tourism industry. Chen & Siem (2004) also explain that terrorist attacks also hurt investment decisions in the stock market. Further more Drakos (2004) in his research explained that in the United States in 2001 the occurrence of a terrorist attack at the World Trade Center (WTC) resulted in a negative reaction to the United States capital market, where the worst impact was experienced by the aviation industry, compared to other industries. In 2003 the SARS outbreak hurt the capital market in Taiwan, especially in the tourism and retail sectors (Chen et al, 2009). Then Chen et al's (2018) research found that the SARS outbreak had an impact on the Chinese capital market and four capital

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Correspondence:

Zulfitra Universitas Pamulang, Indonesia Email: <u>dosen01137@unpam.ac.id</u>

markets in Asia. In 2020 the world will experience a global pandemic disease outbreak of the Corona virus (Covid-19). This epidemic has spread in various countries such as China, America, Spain, Italy, France, England, Southeast Asia and others. In 2020, Indonesia was affected by the Corona Virus Pandemic outbreak known as Covid-19. This pandemic has spread globally in almost all over the world. As a result, countries in Indonesia and almost all countries around the world reduce their economic activities. Reduced economic activity has resulted in sluggish trading in various sectors, which has hit economic pillars, including the capital market and the stock market. Almost all stock price indexes in various countries around the world have experienced a drastic decline, even reaching their lowest level in recent years. The Indonesia Stock Exchange as the only stock market in Indonesia was also affected by the covid-19 pandemic. The Composite Stock Price Index (IHSG) on the Indonesia Stock Exchange (IDX) also experienced a decline. This collection of shares traded on the Indonesia Stock Exchange (IDX) is at the level of 4,716 and has decreased by 25% since the beginning of the year. Market capitalization of IDR 1,907 trillion or about 25% decreased from the Indonesian stock exchange to reach a market capitalization value of IDR 5,469 trillion. Then there are about 20 trillion rupiah of foreign funds coming out of the Indonesian stock exchange throughout 2020, especially as a result of massive sales in the last 3 months. Not only regarding market capitalization as well as foreign funds on the Indonesian stock exchange, but this incident also reduced transactions on the IDX. The average daily stock transaction frequency decreased 1.49% to 462 thousand times. Furthermore, the average daily transaction value also decreased 23.84% to Rp 6.34 trillion. This incident was also accompanied by a decrease

in the average volume of transactions which fell by 51.87%, from the initial 14.54 billion shares to 7 billion shares. Research by Zulfitra & Tumanggor (2020) explains that the Covid-19 outbreak has a significant impact on the capital market in Indonesia in early 2020, especially on the LQ45 Index, Consumer Goods Index, Manufacture Index and Index Finance. Based on the theory and results of previous research that have been described previously, the researcher tries to test the impact of the corona virus pandemic (covid-19) on the Islamic stock index in Indonesia, especially the Indonesian Sharia Stock Index and the Jakarta Islamic Index, where the research results are expected to be taken into consideration for companies, investors and stakeholders in anticipating and making investment decisions from future pandemic events.

LITERATURE REVIEW

Fama (1970) first developed the theory of market efficiency (Efficiency Market Hypothesis Theory), which is still developing and is still being used today. In general, this theory explains that the stock market price that occurs is a reflection of the available information. This theory initially divided market efficiency into three categories, namely, weak forms, half strong forms and strong forms. In the next article, Fama (1991) proposes to change the names of the three categories of market efficiency tests. The names of the tests proposed are: Weak form market efficiency tests are replaced by tests for return predictability. Semi-strong form market efficiency tests are turned into event studies. Strong form market efficiency tests are proposed to be tests for private information.

Emery & Finnerty (1997) stated that the concept of capital market efficiency is a side effect of applying investors to the principles of finance in the capital market. In every aspect of life according to Emery & Finnerty (1997), everyone has a general principle that will be applied including in financial matters. Both define the concept of capital market efficiency as the market price of securities that are regularly traded on the capital market and reflect all existing information and make complete and rapid adjustments to new information.

Furthermore, Jarret & Kyper (2006) in their study of individual securities prices from securities traded in organized markets corroborates previous findings from studies of stock market indices both in the United States and on stock exchanges or other countries' stock exchanges. Often, Jarret & Kyper research shows that daily patterns are present in that period of a series of security prices. The purpose of Jarret & Kyper's research is to clarify the time series characteristics of the daily stock price of securities traded on organized exchanges. Jarret & Kyper's research differs from previous studies in that the focus is on a daily market price index figure that is better than the true price of securities traded in the United States. Furthermore, the research of Jarret & Kyper (2006) is important because of the weak theory of market efficiency and its application to forecasts of short-term closing prices of traded securities.

Nwaolisa & Kasie (2012) focus on the concept, history and theory of the Efficient Market Hypothesis as espoused by well-known authors over the last few decades about the Nigerian Capital Market. Nwaolisa & Kasie (2012) tend to critically analyze the efficient market hypothesis using its historical perspective. We summarize the origins and links between this contribution and investment. The efficient market hypothesis is simple in principle, but still elusive. Evolving from an initially puzzling series of observations

about the random character of security prices, it became the dominant paradigm in finance during the 1970s. Nwaolisa & Kasie (2012) have documented several studies that show anomalous behavior that appears, at first glance, inconsistent with market efficiency. Nwaolisa & Kasie (2012) suggest that such evidence can be best interpreted as indicative of deficiencies in our model of expected returns. The last two decades have seen attacks on the efficient market hypothesis. It is very difficult to profit from even the most extreme violations of market efficiency. Too often stock market anomalies happen by chance that don't continue. The importance of the efficient market hypothesis is shown by the fact that investing in seemingly profitable opportunities is still referred to as an "anomaly". The efficient market model continues to provide the framework widely used by financial economists. During its heyday, the efficient market hypothesis came to be supported by a growing number of empirical studies showing the difficulty of beating markets, either by analyzing publicly available information or by using professional investment advisors. The Covid-19 outbreak is a new disease outbreak, which emerged at the end of 2019 and entered Indonesia in the early 2020s. Previously there was also an outbreak of flu that was almost similar to Covid-19, namely SARS (Severe Acute Respiratory Syndrome. If we examine some Previous research that explains the relationship between the corona virus disease outbreak and the capital market, including research by Ru et al (2020) in his research found the impact of the COVID-19 (SARS-CoV-2 virus) outbreak on the global stock market. and strong against the first COVID-19 outbreak in Wuhan China during late January 2020. This rapid and strong reaction was particularly in countries affected by the 2003 SARS outbreak caused by a similar virus (SARS-CoV-1). lasted for weeks. Several outbreaks outside of China have also occurred such as in South Korea and Italy which started to get worse at the end of February, and the stock market declined in the country. enumber of countries with no experience in anticipating the SARS outbreak.

Zulfitra & Tumanggor's research (2020) found that the Covid-19 pandemic had an impact on the stock price of the LQ45 Index, Consumer Goods Index, Manufacture Index and Finance Index, Indonesia Stock Exchange. Also, the Covid-19 pandemic also had a significant impact on stock liquidity on the Consumer Goods Index and the Manufacture Index for the Indonesia Stock Exchange. Meanwhile, the LQ45 Index share liquidity does not have a significant impact.

Furthermore, Chen *et al* (2018) examined the long-term relationship between the impact of SARS on the Chinese Stock Exchange and four Asian stock markets. The method used is cointegration variance to test the relationship between these market share markets. The results of research by Chen *et al* (2018) found that the SARS outbreak caused a weakening of the long-term relationship between the China Stock Exchange and four Asian Stock Exchanges.

Research by Chen *et al* (2007) examined the impact of the disease outbreak (SARS) on the capital market in Taiwan in 2003, where there was the lowest decline in stock prices of up to 29% up to one month after the SARS outbreak. The industry in Taiwan that has suffered the most is the tourism industry. The test is carried out with the event study approach on stock price movements. The findings of the research show that seven hotel company stock prices experienced a sharp decline during the SARS outbreak. This finding is also characterized by a significant negative

cumulative average abnormal return, especially in hotel stocks. Chen *et al*'s (2009) study using GARCH analysis with an event study approach found that the 2003 SARS outbreak had a negative impact, especially on the tourism sector, as well as the wholesale and retail sectors. Stocks that moved positively during the SARS outbreak were found in the biotechnology sector, so that at that time many investment managers and investors turned to buying and holding biotech stocks. Investment managers and investors also at that time rearranged their portfolios to obtain investment returns, maintain portfolio returns, or lower investment risk during the SARS outbreak in Taiwan in 2003.

Furthermore, Loh (2006) tested the SARS disease outbreak on the capital markets in Canada, China, Hong Kong, Singapore, and Thailand. Loh (2006) specifically tested it on stocks of companies engaged in aviation transportation services in these countries. In his research, Loh (2006) found that the shares of companies engaged in aviation transportation services are more sensitive to their influence than stocks of non-airline companies.

Furthermore, the research of Nippani & Washer (2004), in which researchers compared the movement of the stock market index in the period before and after the SARS outbreak in countries affected by the SARS disease outbreak. In their research, Nippani & Washer (2004) tried to compare the average daily stock movement and median stock returns across the pre-SARS sub-period and the period affected by SARS. The results of the research by Nippani & Washer (2004) explained that the SARS disease outbreak had a significant negative impact on the stock exchanges of China and Vietnam. However, this disease outbreak has no impact on the stock exchanges of Canada, Hong Kong, Indonesia, the Philippines, Singapore.

METHOD

This research uses a quantitative approach and a qualitative approach. The quantitative approach emphasizes the meaning of each variable. In this quantitative approach, researchers use numerical data (numbers) which are then processed using statistical

methods. Furthermore, in the qualitative method, the researcher examines descriptively which is then used to provide an overview of the research. In processing data, researchers used the Event Study method with Dummy Regression (Gujarati & Porter, 2014). This study empirically examines the impact of the Covid-19 pandemic on stock prices and the volume of stock trading on the Indonesia Stock Exchange, especially on the Indonesian Sharia Stock Index (ISSI) and the Jakarta Islamic Index (III). Testing this event is done by:

- 1. Comparing the daily movement of share prices and stock liquidity at the start of the Covid-19 outbreak in 2020 compared to 2019.
- 2. Comparing the daily movement of share prices and stock liquidity before and after the official announcement of the Covid-19 pandemic by the Government of the Republic of Indonesia.

The variables used in this research are Endogenous Variable and Dummy Variable.

Endogenous variables used are

Share Price = share price used is the closing price of the daily shares (closing price) on the Indonesian Sharia Stock Index (ISSI) and the Jakarta Islamic Index (JII).

Stock Liquidity = Stock liquidity used is the Share Trading Volume in the Indonesian Sharia Stock Index (ISSI) and the Jakarta Islamic Index (JII).

Dummy variables used in this study are

D a2 = 1 observation of the first 21 trading days in March 2020

D a1 = 0 observations of the first 21 trading days in March 2019

D b2 = 1 observation of 21 trading days before the announcement of the first Covid-19 patient in March 2020 by the government

D b1 = 0 observations 21 trading days after the announcement of the first Covid-19 patient in March 2020 by the government

Based on the explanation of the variables above, the researcher explains the operational variables of the research briefly in Table 1.

Table 1. Operational research variables

Variable	Concept	Scale
Stock price Index ISSI (Variable Y ₁)	Is the closing price of the daily shares (closing price) on the Indonesian Sharia Stock Index (ISSI)	Nominal
Stock price Index JII (Variable Y ₂)	Is the closing price of the daily shares (closing price) on the Jakarta Islamic Index (JII)	Nominal
LiquidityIndex ISSI (Variable Y3)	Is the Volume of Stock Trading in the Indonesian Sharia Stock Index (ISSI)	Nominal
LiquidityIndex JII (Variable Y4)	Is the Volume of Stock Trading on the Jakarta Islamic Index (JII)	Nominal
Dummy Variable (Variabel D _a)	Observation of the events of the first 21 trading days after the announcement of the first Covid-19 patient in March 2020 by the government and observation of the events of the first 21 trading days in	Nominal

	March 2019, one year before the announcement of the Covid-19 outbreak in April 2020 by the government	
Dummy Variable (Variabel D _b)	Observation of 21 stock exchange days before the announcement of the first Covid-19 patient in March 2020 by the government and	Nominal
	Observation of 21 stock exchange days after the announcement of the first Covid-19 patient in March 2020 by the government	

The population used in this study is stock price data and stock trading volume data on the Indonesian Sharia Stock Index (ISSI) and the Jakarta Islamic Index (JII) which are listed on the Indonesia Stock Exchange during the period 2019 to 2020. From the existing population, several stock price data and certain stock trading volume data as samples with the sampling method using Non-Probability Purposive Sampling. This sampling method is a subjective sampling process, in this case, the probability of selecting population elements cannot be determined and purposive sampling is a form of sampling based on certain criteria (Sugiyono, 2013).

In this study, to obtain research results, the researcher uses the type of data that will be analyzed further, the data is in the form of quantitative data, where a series of research observations or subsequent measurement results are expressed in numerical form. Apart from quantitative data, the types of research data were also classified based on the method of data collection and the time (period) of collection. Research data is based on how it is obtained, the data used in this study are secondary. While research data is based on the time (period) of collection, the data that researchers use is a type of data (time series), namely data are taken based on time sequences or from time to time or periods historically. The researcher processed the research data using Dummy Regression using the Eviews 9 Software which is generally used to process statistical and econometric data.

Hypothesis testing

After determining the Dummy Regression model, a series of tests were carried out to answer the proposed hypothesis.

Partial Significance Test (t-test)

The t-test is used to test the effect of the dummy variable partially on the dependent variable of the study, with the criteria for the t-test as follows:

If probability (p-value)> real level (α), then Ho is accepted If the probability (p-value) <real level (α), then Ho is rejected

The Dummy Regression Model in this study is formulated as follows:

Model 1

 $Y1 = \alpha + \beta Da$

Where:

Y1 = Is the daily closing price (closing price) on the Indonesian Sharia Stock Index (ISSI)

- $\alpha = intercept$
- $\beta = slope$
- Da = Observation of the first 21 stock exchange day events after the announcement of the first Covid-19 patient in March 2020 by the government and observation of the first 21 trading day events in March 2019, one year before the announcement of the Covid-19 outbreak in April 2020 by the government

Model 2 Y2 = α + β Da Where:

Y2 = Is the closing price of the daily shares (closing price) on the Jakarta Islamic Index (JII)

 α = intercept

 $\beta = slope$

Da = Observation of the first 21 stock exchange day events after the announcement of the first Covid-19 patient in March 2020 by the government and observation of the first 21 trading day events in March 2019, one year before the announcement of the Covid-19 outbreak in April 2020 by the government

Model 3

 $Y3 = \alpha + \beta Da$

Where:

Y3 = Is the Volume of Stock Trading in the Indonesian Sharia Stock Index (ISSI)

$$\alpha$$
 = intercept

 $\beta = slope$

Da = Observation of the first 21 stock exchange day events after the announcement of the first Covid-19 patient in March 2020 by the government and observation of the first 21 trading day events in March 2019, one year before the announcement of the Covid-19 outbreak in April 2020 by the government

Model 4

 $Y4 = \alpha + \beta Da$

Where:

Y4 = Is the Volume of Stock Trading on the Jakarta Islamic Index (JII)

- α = intercept
- β = slope

Da = Observation of the first 21 stock exchange day events after the announcement of the first Covid-19 patient in March 2020 by the government and observation of the first 21 trading day events in March 2019, one year before the announcement of the Covid-19 outbreak in April 2020 by the government.

Model 5

- $Y1 = \alpha + \beta Db$
- Where:
- Y1 = Is the daily closing price (closing price) on the Indonesian Sharia Stock Index (ISSI)

 α = intercept

 $\beta = slope$

Db = Observation of events on 21 trading days prior to the announcement of the first Covid-19 patient in March 2020 by the government and Observation of 21 stock exchange days after the announcement of the first Covid-19 patient in March 2020 by the government

Model 6 Y2 = α + β Db

Where:

Y2 = Is the closing price of the daily shares (closing price) on the Jakarta Islamic Index (JII)

 α = intercept

β = slope

Db = Observation of events on 21 trading days prior to the announcement of the first Covid-19 patient in March 2020 by the government and Observation of 21 stock exchange days after the announcement of the first Covid-19 patient in March 2020 by the government

Model 7

 $Y3 = \alpha + \beta Db$

Where:

- Y3 = Is the Volume of Stock Trading in the Indonesian Sharia Stock Index (ISSI)
- α = intercept
- $\beta = slope$
- Db = Observation of events on 21 trading days before the announcement of the first Covid-19 patient in March 2020 by the government and Observation of 21 stock exchange days after the announcement of the first Covid-19 patient in March 2020 by the government

Model 8

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Y4 = \alpha + \beta Db
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- Where:
- Y4 = Is the Volume of Stock Trading on the Jakarta Islamic Index (JII)
- α = intercept
- β = slope
- Db = Observation of events on 21 trading days before the announcement of the first Covid-19 patient in March 2020 by the government and Observation of 21 stock exchange days after the announcement of the first Covid-19 patient in March 2020 by the government

RESULTS AND DISCUSSION

The impact of the Covid-19 Incident on the ISSI and JII share prices in 2020 compared to 2019

Based on the research findings, we can see in Table 1, Model 1, Model 2 and Graph 1 and Graph 2, namely the stock prices of ISSI (Indonesian Sharia Stock Index) and III (Jakarta Islamic Index) at the beginning of the announcement of the first patient Covid-19 by the government, compared to the price of the same shares in the year before 2019 in the same month. In Graph 1 we can see a red line which is the movement of the Indonesian Sharia Stock Index (ISSI) stock price on 21 stock exchange days from the time of the initial announcement of the first Covid-19 patient, a significant difference is seen when compared to the blue line which is the price movement Indonesian Sharia Stock Index (ISSI) shares in the same month in 2019. This is reinforced by the results of statistical tests using the Least Square Method with Eviews 9, which after testing we can see in Table 1 that the Covid-19 incident had a significant negative impact on the Indonesian Sharia Stock Index (ISSI) share price. Table 1 also shows that the Covid-19 incident had a significant negative impact on the Jakarta Islamic Index (JII) stock price. The findings of these findings are not absolute that the decline in stock prices is only caused by the Covid-19 incident, theoretically, many other factors can also reduce stock prices. Researchers tested it only at the initial event of the announcement of the first patient of Covid-19, during 21 days of observation. The results found a significant negative effect, namely, the covid-19 incident empirically caused a significant decrease in stock prices.

Table 1. Least Square Model Results, Covid-19 Impact on ISSI and JII Stock Prices in 2020 compared to the previous year

Model	Model 1	Model 2
Index Saham	ISSI	JII
Coefficient	-51.3879	-204.8760
Std. Error	3.47404	15.07222
t-Statistic	-14.79198	-13.59295
Prob.	0.00000	0.00000
significant	sig	sig

Model 1.

The impact of Covid-19 on the ISSI Stock Price (Indonesian Sharia Stock Index) in 2020 compared to 2019, the model is shown as follows:

 $Y1 = \alpha + \beta Da$

Y1 = α + (- β Da) CLOSE = 190.830904762 - 51.3879047619 * DUM Model 2. Stock Price in 2020 compared to 2019, the model is shown as follows: $Y2 = \alpha + \beta Da$ $Y2 = \alpha + (-\beta Da)$

The impact of Covid-19 on the III (Jakarta Islamic Index)

CLOSE = 702.13852381 - 204.875952381 * DUM







Figure 2.JII Stock Price in Events after the Announcement of the First Patient Covid-19 in 2020 by the Government of the Republic of Indonesia compared to the previous year

Apart from the stock price, the researchers also tested the liquidity of the stock price, which is measured by the volume of stock trading. Specifically tested on the shares of the Indonesian Sharia Stock Index (ISSI) and the Jakarta Islamic Index (JII). The results of the research from this test can be seen in Table 2, Model 3, Model 4, Graph 3, and Graph 4. The results of the research in Table 2 show that there has been a significant decrease in Stock Trading Volume Liquidity in the Indonesian Sharia Stock Index (ISSI) due to the Covid incident. -19, while the Liquidity of Stock Trading Volume on the Jakarta Islamic Index has an

increase in liquidity but not significantly. This is also reinforced by the explanation in Graph 3, which is shown in the red line which shows a significant decrease in the Trading Volume Liquidity of the Indonesian Sharia Stock Index (ISSI) due to the Covid-19 incident in 2020, compared to the blue line for Trading Volume Liquidity the same in 2019. Meanwhile, in the explanation in Graph 4 of the Jakarta Islamic Index (JII) Stock Trading Volume Liquidity, there is no significant difference, although graphically there is an increase in Stock Trading Volume Liquidity.

Table 2. Least Square Model Results, Covid-19 Impact on the Liquidity of ISSI and JII Shares in 2020 compared to the previous year

Model	Model 3	Model 4
Index Saham	ISSI	JII
Coefficient	-0.3647	0.0180
Std. Error	0.07510	0.08276
t-Statistic	-4.85532	0.21733
Prob.	0.00000	0.82910
significant	sig	non sig

Model 3.

The impact of Covid-19 on the ISSI (Indonesian Sharia Stock Index) Stock Liquidity in 2020 compared to 2019, the model is shown as follows:

$Y3 = \alpha + \beta Da$

Y3 = α + (-β Da)LNVOL = 29.2821104987 - 0.364649996607 * DUM

Model 4.

The impact of Covid-19 on the JII (Jakarta Islamic Index) Stock Liquidity in 2020 compared to 2019, the model is shown as follows: $Y4 = \alpha + \beta Da$

LNVOL = 28.4965376843 + 0.0179858427476 * DUM







Figure 4. JII Stock Trading Volume Liquidity at the Event After the Announcement of the First Patient Covid-19 in 2020 by the Government of the Republic of Indonesia compared to the previous year

The impact of the Covid-19 Incident on the 2020 ISSI and JII share prices before and after the announcement of the first Covid-19 patient by the Indonesian government After testing the impact of the Covid-19 incident on share prices and the liquidity of ISSI and JII shares compared to the previous year. Researchers also tested when this event occurred, namely when the government announced the first patient of Covid-19 on March 2, 2020. Researchers tested it using the Least Square Method with a Dummy Variable, namely Stock Price and Stock Trading Volume Liquidity before and after the government announced the

patient. first Covid-19 in 2020, particularly in the shares of the Indonesian Sharia Stock Index (ISSI) and the Jakarta Islamic Index (JII) on the Indonesia Stock Exchange. The results of the research are presented in Table 3, showing that the impact of Covid-19 before and after the announcement of the first Covid-19 patient in 2020 by the government caused a significant decrease in share prices in the Indonesian Sharia Stock Index (ISSI) and the Jakarta Islamic Index (JII). We can see the model of the findings in model 5 and model 6 of the study. The significant decline in share prices is also shown in Graph 5 and Graph 6.

Table 3. Least Square Model Results, Impact of Covid-19 on ISSI and JII Stock Prices before and after the announcement of the first Covid-19 patient in 2020

Model	Model 5	Model 6
Index	ISSI	JII
Coefficient	-30.86624	-127.5756
Std. Error	3.596408	15.81256
t-Statistic	-8.582518	-8.067992
Prob.	0.0000	0.0000
significant	sig	sig

Model 5.

The impact of Covid-19 on the ISSI Stock Price (Indonesian Sharia Stock Index) before and after the announcement of the first Covid-19 patient in 2020, the model is shown as follows:

 $Y1 = \alpha + \beta Db$

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Y1 = \alpha + (-\beta Db)
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CLOSE = 170.309238095 - 30.8662380952 * DUM

Model 6.

The impact of Covid-19 on the JII (Jakarta Islamic Index) Stock Price before and after the announcement of the first Covid-19 patient in 2020, the model is shown as follows: $Y2 = \alpha + \beta Db$ $Y2 = \alpha + (-\beta Db)$ CLOSE = 624.838190476 - 127.575619048 * DUM



Figure 5. The impact of Covid-19 on the ISSI Stock Price (Indonesian Sharia Stock Index) before and after the announcement of the first Covid-19 patient in 2020



Figure 6. The impact of Covid-19 on the JII (Jakarta Islamic Index) Stock Price before and after the announcement of the first Covid-19 patient in 2020

Researchers also tested the Liquidity of Stock Trading Volume before and after the government announced the first Covid-19 patient in 2020, especially in the shares of the Indonesian Sharia Stock Index (ISSI) and the Jakarta Islamic Index (JII) on the Indonesia Stock Exchange. The results of this study can be seen in Table 4, Model 7, Model 8, and Graph 7, and Graph 8. In table 4 we can see that the Covid-19 incident did not have a significant effect on ISSI and JII Stock Liquidity in the years before and after the announcement of the first patient. Covid-19 in 2020. In Graph 7 and Graph 8, it can be seen that there is an increase in the movement of Liquidity in the Stock Trading Volume of the Indonesian Sharia Stock Index (ISSI) and the Jakarta Islamic Index (JII), but this increase did not occur significantly. Table 4. Least Square Model Results, Impact of Covid-19 on Stock Liquidity of ISSI and JII years before and after the announcement of the first Covid-19 patient in 2020

Model	Model 7	Model 8
Index	ISSI	JII
Coefficient	0.092947	0.116364
Std. Error	0.066592	0.088227
t-Statistic	1.39578	1.318916
Prob.	0.1705	0.1947
significant	non sig	non sig

Model 7.

The impact of Covid-19 on the ISSI Stock Liquidity (Indonesian Sharia Stock Index) before and after the announcement of the first Covid-19 patient in 2020, the model is shown as follows:

$Y3 = \alpha + \beta Db$

LNVOL = 28.8245131876 + 0.0929473145021 * DUM

Model 8.

The impact of Covid-19 on JII Stock Liquidity (Jakarta Islamic Index) before and after the announcement of the first Covid-19 patient in 2020, the model is shown as follows:

$Y4 = \alpha + \beta Db$

LNVOL = 28.3981596236 + 0.116363903419 * DUM







Figure 8. Impact of Covid-19 on Stock Liquidity of JII (Jakarta Islamic Index) before and after the announcement of the first Covid-19 patient in 2020.

CONCLUSION

Based on the results of the research that has been conducted, the researchers concluded that during the 21 stock exchange days when the government announced the first patient Covid-19 compared to the same period in 2019 there was a significant negative effect on the Indonesian Sharia Stock Index (ISSI) and the Jakarta Islamic Index (JII). In Stock Trading Volume Liquidity, a significant negative effect only occurs on the Indonesian Sharia Stock Index (ISSI), while in the Jakarta Islamic Index (JII) this event does not have a significant effect.

In testing events before and after the announcement of the first patient Covid-19 by the government in 2020, there was a significant negative effect on the Indonesian Sharia Stock Index (ISSI) and the Jakarta Islamic Index (JII). whereas in the Liquidity of Stock Trading Volume on the Indonesian Sharia Stock Index (ISSI) and the Jakarta Islamic Index (JII) these events did not have a significant effect.

With the findings of the research results, it is hoped that it can provide recommendations to capital market players, shareholders, and also go public issuers to observe these kinds of events in the future. It can also be material for consideration for stakeholders or stakeholders and the government to observe and anticipate events like this. The results of the study are in line with what has been done by previous researchers who are also observers of problems like this, as we have found in the research of Nippani & Washer (2004), Loh (2006), Chen *et al* (2007), Chen *et al*. al (2009), Chen *et al* (2018), Ru *et al* (2020), where these researchers found that the Corona outbreak, SARS hurt stock prices in the capital market.

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