Event Study of Announcement Impacts on Redirecting Fuel Subsidies towards Sharia Stock Performance

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Abstract

This study aims to examine if there is a difference in the average abnormal return and trading volume of Sharia shares listed on the Jakarta Islamic Index before and after the announcement of the diversion fuel subsidy on September 3, 2023. The study was conducted on a sample of 30 company issuers of Sharia shares with an observation period of 10 days before and after the release of a public announcement. The data was analyzed using both the paired sample t-test and the Wilcoxon Signed Rank Test, taking into consideration the normality of the data. The results show that the announcement of diversion subsidies for fossil fuels does not lead to significant changes in the average abnormal returns before and after the announcement. Meanwhile, the Average Trading Volume Activity displays discrepancies before and after the release. This result implies that investors are not responsive to changes in the price of fossil fuels and instead opt to wait before making the decision to either buy or sell shares in the Sharia trade.

Keywords: *Event Study, Fuel Subsidies, Sharia Shares, Stock Performance*

INTRODUCTION

The Indonesian government, through the President and Minister of Energy and Mineral Resources, officially announced a price hike for subsidized and non-subsidized fuel oil (BBM, *Bahan Bakar Minyak*) prices on September 3, 2022, in the Presidential Palace (Liputan6, 2022). The price increase is a result of redirecting budget fuel subsidies to provide more targeted

support. This is because the fuel subsidies were formerly enjoyed by a significant percentage, over 70%, of the population. The government aims to provide fuel subsidies to the disadvantaged population who are eligible. This decision has been disseminated by the government via the media and is readily accessible to the whole community. The allocation for fuel subsidy is being redirected; thus, this implies a rise in the price for society since a larger quantity of currencies must be issued to maintain the same value as previously.

It exacerbates and perpetuates Russia's strained relationship with Ukraine without having yet discovered a clear correlation between the stability of global oil prices and the assessment of 'triggers' that cause fluctuations in the raw oil market. The conflict between those countries has attracted global attention because of its significant influence on economic instability, particularly concerning world oil prices. The embargo imposed by the United States of America and its allies against Russia made a significant request for oil to increase the price of world oil. As a major commodity, oil has become the driving force of the economic world. Consequently, the increasing price of oil has become a significant danger globally. The reliance on oil is a significant concern for governments worldwide, particularly industrialized and emerging nations that rely significantly on the oil industry to maintain their economies (Ministry of Finance, 2019).

Due to the increased global oil prices, fuel prices in Indonesia have been experiencing an equal increase. On September 3, 2022, the government raised the prices of fuel oil, specifically Diesel, Pertalite, and Pertamax. The new prices are as follows: Pertalite increased from IDR7,650 per liter to IDR10,000 per liter, subsidized diesel increased from IDR5,150 per liter to IDR6,800 per liter, and Pertamax increased from IDR12,500 to IDR14,500 per liter. This thing done by the government in frame responds to the increase in the price of world oil. No, under control, of course, just conditions. This will impact the budget allocation for energy subsidies, particularly in relation to fuel, resulting in a significant increase. In addition to the elements that contribute to the growth in Indonesia Crude Price (ICP), there is also an increase in enhancement. Fuel usage is a factor that contributes to increasing the allocation of the budget for fuel subsidies in 2022. ICP assumptions in the initial The State Budget 2022 (APBN, *Anggaran Pendapatan dan Belanja Negara*) set just in the $63/ barrel range and increased sharply to

$100/ barrel. The effect of sanctions imposed on Russia as a major global oil producer is significant once again.

Initially, the government implemented a program to increase the amount allocated for fuel subsidies from IDR152 trillion in the APBN 2022 to IDR502.4 trillion in accordance with Presidential Regulation Number 98 of 2022. This signifies that the government has increased by a factor of 3.4 compared to the initial budget. However, the enhancement of compensation subsidies for energy is not yet sufficient. According to the Minister of Finance, Sri Mulyani Indrawati, if no preventive action is taken regarding this matter, the estimated amount of compensation subsidies for energy will increase to IDRs198 trillion by the end of the current year.

As we know, BBM plays a significant influence in both society and business. In addition to being used for burning materials in vehicles, fuel is also used in many sectors and industries, such as transportation, fishery, agriculture, small businesses, and general services. Considering the urgency of fuel usage in society, industry, and government, various efforts are being made to find renewable energy as a replacement for fossil fuels so the public can own various alternatives. However, the reliance on fossil fuels remains significantly high, demanding urgent discussions and research to deploy renewable energy resources effectively.

The increment in fuel prices has positive and negative impacts on the national economy. It contributed to the improvement of the state budget to finance national development and cover the lack of budget. Thus, society is expected to save energy and materials for both substantive and non-substantive operations-related material burn. Fuel savings may lead to managing or reducing air pollution as the temporary rise has a detrimental consequence. In addition, inflation is the primary factor influencing fuel prices, which leads to a decrease. Society is influenced by power. Consequently, the primary objective of the government is to effectively manage inflation and prevent it from reaching excessive levels.

Affected sectors increase fuel costs, including business food and beverage, transportation, and Micro, Small and Medium Enterprises (MSMEs). As the size of the industry increases, there is a corresponding increase in the need for fuel. For instance, production departments need fuel to ensure that the production process of goods or services can operate well.

Delivery of goods or logistics from one region to another also increases fuel requirements and expenses budget for the company.

The announcement will pertain to events reported by the government, which will broadly influence several aspects, including the economy and financial markets. Several studies indicate that the release of results has an effect on fuel costs and related matters to performance shares. Capital market investors reacted negatively to industrial layoff announcements in United States oil and gas from 1989 to 1996 (Goins & Gruca, 2008). Oil prices relate asymmetry to the reaction of stock returns on European capital markets (Arouri, 2011). Announcement increases in fuel prices have an impact on abnormal returns, trading volume, and market capitalization on LQ45-indexed stocks (Liogu & Saerang, 2015). Adverse information about OPEC tends to positively impact stock returns overall. The company is registered in the United States and has enhanced its position by offering different pricing options for numerous products within the subsector of the business (Gupta & Banerjee, 2019). Oil price changes have an implication that directly shift foreign investment in African capital markets (Kelikume & Muritala, 2019). It also directly influences the economy, but industrial returns oil experience enhancement (Hussain et al., 2022).

Several studies have shown that fluctuations in fuel prices temporarily affect the performance of Sharia shares. Oil price volatility The potential impact of owning Sharia-compliant shares in the near term may be good, but it can have a detrimental influence on the overall stability of the index (Mishra et al., 2019). 32% of Sharia shares had a substantial response to changes in oil prices, challenging the premise that oil prices have a homogeneous significant impact on the market (Narayan et al., 2019). Oil prices impact negatively against the Dow Jones Islamic Index (Chang et al., 2020). Sharia shares behave differently from share conventional. During bullish market circumstances, the economy is positive, but in bearish markets and policies, the economy is negative. Certainly, sharia shares experience change throughout time (Godil et al., 2020). Additional study indicates that Sharia-compliant stocks exhibit a higher sensitivity to indicated share price volatility compared to actual volatility (Karim & Still, 2021).

In their research, Ftiti and Hadhri (2019) find a connection because of the consequence between the uncertainty policy economy, oil price, and investor sentiment towards Sharia stock return rate. A study was done on

nine shares included in the Index Dow Jones Sharia shares on the United States stock market. Yusfiarto and Pambekti (2020) analyze the influence of change mark exchange and oil price on Sharia stock returns included in the Jakarta Islamic Index. Study the use of vector autoregression (VAR) technique and its results show that change mark exchange and nutrient oil raw influence Sharia stock return rate. Mezghani and Boujelbène (2018) did it before researching the capital markets of the member countries in Gulf Cooperation Council (GCC) and proving a strong correlation between oil price and performance of GCC capital markets during crisis oil in 2014.

Daradkah et al. (2021) investigate the connection between shock price oil and capital market returns in Egypt, Morocco, and Jordan as importing countries request in the Middle East and North Africa region. Despite being conducted in several nations, studies conducted using the VAR and Granger Causality Model indicate a significant relationship between oil prices and capital market returns. These findings have crucial implications for policy making. Using an event study, this will assess the effect of announcing the reduction of fuel subsidies on the performance of Sharia shares. There is a substantial disparity between the conditions before and after testing.

Indonesia has a dual capital market system where the capital market offers conventional and internal sharia instruments in the same market. Mechanism activities and types of traded securities in the Islamic capital market must be in accordance with sharia principles (Rosdaniah & Azizs, 2022). The legal basis for the Sharia stock market in Indonesia is established by the *Fatwa* issued by the Indonesian Ulema Council (MUI), and its practical implementation is supervised by the National Sharia Council (Fadilla, 2018). The Islamic capital market is considered less susceptible to crises due to the presence of company issuers functioning in the real sector and the prohibition of *riba* (usury), *gharar* (uncertainty), and *maysir* (gambling). As a result, it is reasonably stable when considering the impact of macroeconomic changes. Thus, two main queries have been raised regarding those issues. First, are there fuel subsidies being reduced that are causing an increase in fuel prices for the public? Second, does this affect investor response or not?

LITERATURE REVIEW

According to signaling theory, information about health finance A company is not available for all parties in the market simultaneously. According to this theory, asymmetric information between managers, the board of directors, and shareholders can signal future prospective companies and be used to finish adverse selection problems. According to Ghazali (2014), asymmetric information occurs because the board of directors considers their own information more big companies compared to party external such as investors, creditors, government, and shareholders. Connelly et al. (2011) state that signaling theory is useful for describing behavior when two parties own access different information and how to interpret signal from something information.

The idea of dimensions encompasses the concepts of purpose, necessity, and disguise within many sectors of the economy (López-Santamaría et al., 2021)yet to do this they must transparently communicating their performance. The purpose of this study is to analyze the Sustainability Disclosure Practices of companies listed on the Colombian Stock Exchange by applying Signaling Theory dimensions - intent, necessity and camouflage - to the different economic sectors. A qualitative study was performed that involved examining the sustainability reports of 43 companies in 2018 by applying different content analysis techniques. The results show that industrial companies frequently 1. Intensity regulation and improvement regulations can influence the non-market activities of the company. According to a signaling theory standpoint, different parties may get a deeper understanding (Brown et al., 2020). How does a corporation adapt to regulations?

Event studies are studies used to test market reactions to an event. The particular and purposeful event study method is used to evaluate if a shareholder consequence results in an abnormal or excessive return in a given incidence (Peterson, 1989). The event study method mainly focuses on statistical concerns and efficiently expresses aberrant returns as coefficients in regression models (Corrado, 2011). The efficiency of a market may be determined by analyzing the impact of an event on the market's response to an announcement.

Event studies were first discovered by Ball and Brown in 1968. This method is initially the most used in the field of finance, like the announcement

of a merger between two entities, whether investors believe that the merger will increase or lower the mark of the business. An event study aims to identify abnormal returns by analyzing the fluctuations in market prices over a certain period. This method can be used to obtain impact from all types of incidents with notice movement price shares. This method was then developed and applied to various fields like accounting and finance, management, marketing, technology information, law, political science, operations, and supply chain.

A common strategy in incident studies is to examine a wide range of studied events. On one side, there is research that investigates the stock market response to the incident economy, such as the shock market, regulation changes, or disasters. On the other hand, research also investigates market response to incident companies such as mergers and acquisitions, wage announcements, new debt and equity issuance, company reorganization, investment decisions, *Initial Public Offering* (IPO), dividend announcements, and community social responsibility. Apart from knowing market reaction, an event study also measures how efficient the market is with something announcement existing.

Event study investigates the impact of specific incidents on market securities, such as changes in share prices, trading volume, or return volatility. Responding to incidents involves predicting and addressing any potential security issues with the assistance of research and events. The fundamental concept being examined is that the price of a company's shares incorporates all available information, including both public and private information. Any new information, such as a merger or disclosure of income, has the potential to predictably affect the share price of a firm. Researchers may assess the magnitude of the effect of an event on a financial organization by analyzing the fluctuations in stock prices around the occurrence.

RESEARCH METHOD

This research employs a quantitative approach, namely the event study method, with the purpose of examining the market reaction to the news of the diversion of fuel subsidies. The data used consists of daily stock market prices and daily trading volumes to measure daily stock returns.

A study was conducted on the Sharia stock market, which is based on the 30 Sharia stocks included on the Jakarta Islamic Index (JII). The

announcement of the reduction of fuel subsidies on September 3, 2022, was used for the observation period conducted within 10 days before and 10 days after the announcement. The data was retrieved from a letter decision issued by the IDX, which includes information on 30 Sharia-compliant stocks over the specified time. Price data and trading volume were taken from the official website of the Indonesian Stock Exchange at http://www.idx.co.id. The research used internal data sources gathered from the official website of the Indonesian Stock Exchange, which actively publishes daily changes in company prices and share indexes. The website was used as a reference for investors, potential investors, analysts, panelists, and interested parties to capital market data and information. In addition, the data is obtained from the official websites of each issuer to gather information on the company's history, growth, shareholder data, share price offerings, and dividend distribution. Academic pursuit This involves thoroughly analyzing a documentary that documents the events that took place in the Islamic capital market. The analysis includes taking detailed notes on numerous indicators such as share prices, share indexes, and trading volumes.

The population in this study consists of all the current Sharia shares listed on the Jakarta Islamic Index (JII). Meanwhile, the determination procedure utilizes purposive sampling, using the following criteria:

1. Sharia shares that were actively traded throughout the testing period
2. Providing closing price data published daily on the BEI website page
3. Providing daily trading volume data

Out of all the Sharia shares, specifically, 30 stocks officially registered with JII meet all the conditions. Regarding the samples in the research, the information is as follows:

Table 1: List of Research Samples

No	Code	Issuer Name
1	ADRO	Adaro Energy Indonesia
2	ANTM	Various Mines
3	BRIS	Indonesian Sharia Bank

4	BRPT	Barito Pacific
5	CPIN	Charoen Pokphand Indonesia
6	EMTK	Crown Eagle Technology
7	ERAA	Erajaya Self-sufficiency
8	EXCL	XL Axiata
9	HRUM	Harum Energy
10	ICBP	Indofood CBP Successfully Prosperous
11	INCO	Vale Indonesia
12	INDF	Indofood Successfully Prosperous
13	INKP	Indah Pulp & Paper Tips
14	INTP	Indocement Tunggal Prakarsa
15	ITMG	Indo Tambangraya Megah
16	JPFA	Japfa Comfeed Indonesia
17	KLBF	Kalbe Farma
18	MDKA	Merdeka Copper Gold
19	MICA	Family Partners Karyasehat
20	MNCN	Media Nusantara Citra
21	PGAS	National gas Company
22	PTBA	Asam Hill
23	SCMA	Surya Citra Media
24	SMGR	Semen Indonesia (Persero)
25	TINS	Tin
26	TLKM	Telkom Indonesia (Persero)
27	TPIA	Candra Asri Petrochemical
28	UNTR	United Tractor
29	UNVR	Unilever Indonesia
30	WIKA	Wijaya Karya (Persero)

Source: Data processed by the researchers (2023)

Stages testing abnormal returns and trading volume are as follows:

1. Count level return actual, with formulation following :

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

R_{it} = level return actual ; P_{it} = price shares on day t; P_{it-1} = price shares on one day previously

2. Count level return expectation with formulation following:

$$E(R_{it}) = \alpha + \beta(RM_{t)+}e$$

E(R_{it})= level expected return on day t, RM t $_=$ rate market return on day t, α= value constant asset free risk; β= market return coefficient, and e= error term.

3. Count level Islamic capital market returns:

$$RM_{St} = \frac{IHSG_t - IHSG_{t-1}}{IHSG_{t-1}}$$

RM $_{st}$ = level market returns on day t, IHSG $_t$ = Composite Stock Price Index as market return proxy on day t; IHSG $_{t-1}$ = Stock Price Index one day previously during the active period traded.

4. Count level abnormal returns with formulation as following:

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

ARit= abnormal stock return rate on day t; R_{it} = level return actual day t; E(R_{it})= level return hope on day t

5. Calculating trading volume shares involves dividing the number of shares exchanged by the number of shares outstanding on the day

6. A paired t-test was conducted using SPSS after performing a normality test on the data.

RESULTS

1. Description Statistics

The first step is to recapitulate all over-price shares daily to calculate stock returns, trading volume daily from each issuer, and market returns

during the observation period. Then, calculate the average return and trading volume before and after the announcement. Table 2 describes the *Average Abnormal Return* (AAR) and a*verage Trading Volume Activity* (ATVA) before and after the announcement from each issuer, the values of α and β.

The lowest AAR value before the announcement was INCO of -0.017, and the highest was ADRO, with a value of 0.013. The lowest AAR after the announcement is BRPT, with a value of -0.0087. On the other hand, HRUM has the highest AAR value of 0.0168. The lowest ATVA value before the announcement was EMTK of 0.0002, and the highest PGAS of 0.0082. Whereas the lowest ATVA value after the announcement is BRIS of 0.0003, the highest is INTP of 0.0080.

A number of company issuers had a negative AAR before the announcement, including 17 issuers, namely ANTM, BRIS, BRPT, EMTK, ERAA, EXCL, INCO, INDF, JPFA, MDKA, MNCN, SCMA, SMCR, TINS, TLKM, UNVR, and WIKA. Whereas after the announcement, 13 issuers have a negative AAR, namely BRIS, BRPT, EMTK, ERAA, EXCL, INCO, INDF, JPFA, SCMA, TINS, TLKM, and UNTR. Meanwhile, ATVA is positive in a way before and after the announcement.

Table 2: AAR, ATVA, α, and β

Stock code	α	B	AAR Previous	AAR After	A-TVA Prior	A-TVA After
ADRO	0.0020	1.4591	0.0130	0.0020	0.0036	0.0032
ANTM	0.0006	2.4424	-0.0090	0.0070	0.0040	0.0057
BRIS	0.0085	0.4719	-0.0145	-0.0067	0.0003	0.0003
BRPT	0.0036	0.4526	-0.0090	-0.0087	0.0006	0.0010
CPIN	-0.0003	0.8023	0.0007	-0.0070	0.0003	0.0005
EMTK	0.0008	2.3890	-0.0037	-0.0013	0.0002	0.0005
ERAA	-0.0009	0.5704	-0.0060	-0.0030	0.0042	0.0035
EXCL	0.0024	0.9976	-0.0010	-0.0070	0.0017	0.0020
HRUM	-0.0033	3.4344	0.0047	0.0168	0.0041	0.0078
ICBP	-0.0011	-0.3210	0.0020	0.0000	0.0009	0.0006
INCO	0.0111	-1.4442	-0.0170	0.0030	0.0016	0.0024
INDF	-0.0009	0.3095	-0.0020	-0.0010	0.0011	0.0013

INKP	0.0035	-0.1167	0.0069	0.0013	0.0015	0.0023
INTP	0.0003	0.0252	0.0030	0.0040	0.0008	0.0080
ITMG	0.0055	0.1417	0.0020	0.0020	0.0029	0.0031
JPFA	-0.0003	1.4864	-0.0036	-0.0015	0.0009	0.0012
KLBF	-0.0031	0.6966	0.0070	0.0160	0.0008	0.0009
MDKA	-0.0026	2.8447	-0.0050	0.0090	0.0022	0.0034
MICA	-0.0022	0.6324	0.0052	0.0016	0.0008	0.0009
MNCN	-0.0030	0.7601	-0.0020	0.0054	0.0014	0.0015
PGAS	0.0006	1.1841	0.0065	0.0008	0.0082	0.0061
PTBA	0.0016	0.5918	0.0000	0.0000	0.0042	0.0026
SCMA	0.00333	0.57015	-0.0068	-0.0041	0.0008	0.0011
SMGR	-0.0007	0.235	-0.0020	0.0080	0.0015	0.0017
TINS	0.00087	1.59725	-0.0019	-0.0037	0.0025	0.0035
TLKM	0.0036	0.3523	-0.0030	-0.0080	0.0016	0.0010
TPIA	0.0018	-0.1842	0.0041	0.0024	0.0006	0.0008
UNTR	0.0045	0.5274	0.0020	-0.0030	0.0012	0.0015
UNVR	-0.0007	-0.3961	-0.0030	0.0020	0.0005	0.0004
WIKA	0.0047	-0.1810	-0.0040	0.0001	0.0030	0.0037

Source: Data processed by the researchers (2023)

Table 2 also shows α and β values after regression of individual stock returns or returns from each issuer and market returns. In testing, this is the market return as variable independent and stock returns individual as variable dependent. The α value represents the degree to which the independent variable continues to affect the dependent variable. If there is no variable, then there are no alternative possibilities. If the result is positive, the α value variable will be added as a dependency. Conversely, if the value is negative, it will cause a decrease in the mark variable as a dependency. Whereas β value is the coefficient from variable independent to know contribution from every change variable independent. If the result is positive, it will lead to a rise in the dependent mark variable. Conversely, if the result is negative, it will result in a fall in the dependent mark variable.

The α value with the lowest α value is -0.0031 for KLBF, while the α value with the greatest α value is 0.0111 for INCO. The lowest β value for INCO is -1.4442, while the highest β value for MDKA is 2.8447. The

α value is adversely observed in 12 issuers, namely CPIN, ERAA, HRUM, ICBP, INDF, JPFA, KLBF, MDKA, MIKA, MNCN, SMGR, and UNVR. The company issuers, such as ICBP, INCO, INKP, TPIA, UNVR, and WIKA, have a negative β value. ICBP and UNVR are the two issuers that possess negative α and β values.

Table 3. Statistics Descriptive

	N	Minimum	Maximum	Mean	Std Deviation
AAR SBLM	30	-0.0170	0.0130	-0.001213	0.0064243
AAR SDH	30	-0.0087	0.0168	0.000880	0.0062197
ATVR SBLM	30	0.0002	0.0082	0.001933	0.0017335
ATVR SDH	30	0.0003	0.0080	0.002417	0.0020996
Valid N (listwise)	30				

Source: Data processed by the researchers (2023)

Table 3 shows statistics and descriptive research data before and after the announcement. The variables tested are AAR and ATVA. Data includes a minimum value (minimum), value maximum (maxim), average (mean), and standard deviation (Std. Deviation). Furthermore, a normality test was carried out for each variable to be tested on those shown in Table 4.4. The minimum AAR value before the announcement is -0.0170, maximum 0.0130, mean -0.001213, and standard deviation 0.0064243. The minimum AAR value after the announcement is -0.0087, maximum 0.0168, mean 0.000880, and standard deviation 0.0062197. The minimum value of the average trading volume growth (ATVA) before the announcement is 0.0002, maximum 0.0082, mean 0.001933, and standard deviation 0.0020996. Meanwhile, the average growth in trading volume after the minimum announcement is 0.0003, the maximum is 0.0080, the mean is 0.002417, and the standard deviation is 0.0020996.

2. Normality Test

A data normality test was used to determine whether the data follows a normal distribution. This experiment is conducted to ascertain the validity of a hypothesis via testing.

Table 4: Normality Test

	Kolmogorov-Smirnov[a]			Shapiro-Wilk		
	Statistic	**df**	**Sig.**	**Statistic**	**df**	**Sig.**
AAR SBLM	0.099	30	,200*	0.0978	30	0.772
AAR SDH	0.137	30	0.159	0.938	30	0.078
ATVR SBLM	0.220	30	0.001	0.807	30	0.000
ATVR SDH	0.169	30	0.029	0.830	30	0.000

Tests of Normality

*. This is a lower bound of the true significance.

a. Lilliefors Significance Correction

Source: Data processed by the researchers (2023)

Table 4 shows normality test results with the use of Kolmogorov-Smirnov. The test results indicate that the AAR before the announcement has a significant level of more than 0.772, which is significantly different from 0.05. Therefore, it can be concluded that it follows a normal distribution. Similarly, AAR significantly increased by more than 0.078, up from 0.05, as shown by the statement. This increase follows a normal distribution. Before the announcement, ATVA demonstrated a statistically significant difference of less than 0.000 compared to the threshold of 0.05. This indicates that the data is not normally distributed. The same applies to the ATVA announcement, which also does not follow a normal distribution. Therefore, the AAR will be assessed using a paired samples test to fulfill the normalcy requirement. Instead, the Wilcoxon Signed Rank assessment was used to assess ATVA due to the non-normal distribution of the data.

3. Hypothesis Testing

Hypothesis testing is used to determine if there is a significant difference in the average abnormal returns (AAR) before and after announcements and to conduct statistical tests. There is no discernible change in ATVA before and after the announcement. This hypothesis testing aims to examine the impact of investor reactions, whether positive or negative, on the daily stock price and trading volume on the stock market.

Table 5: AAR Difference Test Before and After Announcement

					95% Confidence Interval of the Difference				
		Mean	**Std. Deviation**	**Std. Error Mean**	**Lower**	**Upper**	**t**	**df**	**Sig. (2-tailed)**
Pair 1	AAR SBLM-AARSDH	-0.002093	0.0073979	0.0013507	-0.0048558	0.0006691	-1.55	29	0.132

Paired Samples Test

Source: Data processed by the researchers (2023)

Table 5 represents the results of data processing using SPSS 26. The findings indicate that the level of significance for the mark, which is 0.132, is higher than 0.05. Therefore, there are no significant variations in AAR before and after the announcement. The t value of -1.550 indicates a negative direction, suggesting that the trend of AAR diminishes, but not significantly.

Table 6: ATVA Difference Test Before and After Announcement

Test Statistics[a]	
ATVA SDH-ATVA SBLM	
Z	-2.091[b]
Asymp. Sig. (2-tailed)	0.0037

Source: Data processed by the researchers (2023)

Table 6 is a difference test employing the Wilcoxon Signed Ranks Test to determine significance. There is a disparity in the average increase of trading shares on the IDX, whether positive before or after an announcement. The data processing findings indicate a mark of "Asymp. Sig.". The 2-tailed significance value of 0.037 is less than 0.05, indicating the presence of a significant difference in the average trading volume growth share before and after the announcement. The Z value is -2.091, indicating a substantial downward trend in a negative direction.

DISCUSSION

The study findings demonstrated two distinct levels of relevance. Hypothesis 1, which tests for a difference in the Average Abnormal Return before and after the announcement, does not provide any statistically significant findings. There is a distinction between the quality of something and its state prior to the notification made by AAR. This conclusion indicates that the markets are very efficient since there are no investors who can get abnormal returns or who lack the opportunity to know about the information in advance and make a profit before the announcement of changes in fuel prices.

Meanwhile, hypothesis 2 is being tested to see whether there is a difference in the average rise of trading volume for shares. The results of the test in Table 4.6 indicate that there is a significant difference in the average trading volume growth share. However, this difference is characterized by a downward or negative trend. This finding indicates a substantial decline in the amount of investor demand for Sharia stocks throughout that period.

The findings of this research align with the study undertaken by Rinda et al. (2015) on the impact of fuel price increases in 2013. Both studies found that the announcement of fuel price increases in 2013 had no effect on anomalous returns and had a negative impact on trading volume. An announcement about the importance of internal investors has been made. This assessment indicates that no transactions are taking place in the Islamic capital market. Negative sentiment This has resulted in the sharia stock market also experiencing a slowdown, prompting investors to adopt a cautious approach and wait for further development.

The conclusions of this study align with the research undertaken by Zhussipova (2023), which also demonstrates that the capital market is not responsive to news about gasoline price hikes. The findings of this study are consistent with the research undertaken by Ardani (2019), which concluded that there was no discernible disparity in anomalous returns before and after the announcement of the gasoline price hike on January 5, 2017. The announcement of a curtailment in fuel subsidies, leading to a surge in fuel costs, was unfavorable for investors, the business community, and society. Nevertheless, this information is not the only factor for capital market participants to consider when making investment choices.

The announcement of fuel price hikes, which lacks information content that impacts stock returns, is deemed incapable of influencing investors' choices to buy or sell stocks. Investors carefully evaluated several issues and refrained from hastily making judgments in response to the announcements. The qualities of investors exhibit significant variation, ranging from those who stress prudence to those who are willing to take risks or want to exploit opportunities. The market's muted response to the announcements of fuel price hikes might be attributed to these factors: investors carefully assess both the potential profits and risks associated with such changes.

However, there are no findings in line with research conducted by Narayan and Gupta (2015). It does not support the notion that crude oil prices can accurately forecast stock returns. The results demonstrate that oil prices serve as a reliable indicator of stock returns in the United States, as shown by both the sample and the extrapolation beyond the sample. Both positive and negative fluctuations in oil prices serve as indicators of US stock returns, with negative fluctuations being comparatively more significant. Chandra (2019) further substantiated that gasoline costs have a substantial impact on the food and beverage sector listed on the Indonesia Stock Exchange.

Meanwhile, Liu et al. (2022) Liu et al. (2022) provide numerous characteristics of countries in their response to changes in crude oil price hikes. Oil producers with economies reliant on oil prices have a more pronounced reaction to oil price fluctuations compared to other oil-exporting countries. Furthermore, the susceptibility of stock returns in developing countries to fluctuations in oil prices is greater when compared to developed countries. In addition, the crisis significantly influences the correlation between changes in oil prices and stock returns. In the context of Indonesia being both a crude oil producer and a developing country, the correlation between rising oil or fuel prices and their impact on returns is seen as acceptable, provided the sensitivity to such fluctuations is low.

Jiang et al. (2020) assert that there is no universal association between reduced oil prices and stock returns in the G7 nations. The effect of fluctuations in oil prices on the performance of stocks under different market situations exhibits significant variability. Similarly, Asafo-Adjei et al. (2021) had a similar viewpoint, stating that the correlation between crude oil prices and stock returns is often weak. During periods of crude oil price shocks,

African stocks provide potential for diversification. An African stock portfolio provides protection against the volatility of global crude oil price changes.

The study findings indicate notable disparities in trading volume as a consequence of the announcement of the hike in fuel prices. In their study, Zhussipova et al. (2023) examined the significance of the relationship between trading volume and price formation in the context of investment decision-making. Some investors are willing to embrace unpredictable conditions. Adventurous investors will seek to get profits from potentially unpredictable circumstances. Chen and Hui (2022) demonstrate that fluctuations in crude oil prices have decreased the amount of trading activity. The reason for this is the presence of a negative asymmetric leverage effect, which causes negative news to have a higher impact than positive news.

A hike in fuel prices leads to a corresponding rise in transportation expenses, hence increasing the financial burden on the business. In addition, it also entails diminished profitability and a decline in share prices as a result of insufficient demand for the shares. Conversely, lowering fuel prices will enhance firm efficiency by cutting expenses, enabling performance improvement. In companies that demonstrate strong performance, there is a corresponding rise in their share prices.

Increasing crude oil prices is a delicate concern for the industrial sector. Crude oil is a factor that affects inflation, which is a measure of the general rise in prices. There is a widely held idea that substantial rises in oil prices always result in adverse effects on the economy. Increased oil costs often dampen the anticipated pace of economic expansion and heighten inflation predictions. The diminishing economic growth prospects, therefore, reduce the anticipated profits of companies.

There is a common practice of establishing a connection between fluctuations in the prices of important components, such as oil, and the overall performance of major stock market indexes. The common belief is that when oil prices hike, it will lead to higher expenses for most firms and compel customers to allocate more funds towards fuel, thereby diminishing companies' earnings from other sectors. Conversely, the reverse should be confirmed in the event of a decrease in oil prices.

The economy is indeed influenced by oil prices, but this influence is two-fold owing to the wide range of sectors involved. Increased oil prices may

incentivize employment growth and investment as it becomes financially feasible for oil companies to take advantage of more expensive oil deposits. Nevertheless, higher oil prices also have an influence on companies and consumers by increasing transportation and manufacturing expenses. Consequently, decreased oil prices negatively impact unconventional oil operations, while positively affecting manufacturing and other sectors that rely heavily on fuel and are sensitive to its costs.

CONCLUSION

This study investigates if there is a disparity in the average abnormal return and the average rise in sales volume of Sharia shares following the announcement of the reduction in fuel subsidies on September 3, 2022. The study sample comprises Sharia issuers included in the Jakarta Islamic Index, consisting of 30 company issuers, with the observation period spanning 10 days before and 10 days after the announcement. The analysis of the first hypothesis reveals that there is no discernible disparity in the average abnormal return before and after the public announcement of the reduction of fuel subsidies. Then, by experimenting with the second hypothesis, it reveals that there is a disparity in the average rise in trade volume before and after the disclosure of the reduction in fuel subsidies.

Although the overall stock market may remain unaffected, certain businesses do have significant impacts. The primary factors contributing to this are the rise in fuel prices, which lead to higher input costs, budget deficits, increased transportation expenses, and company revenue. Increasing inflation erodes investor trust in companies, leading to a detrimental effect on share prices. In contrast, falling oil prices strengthen investor confidence and have positive effects on stock prices.

LIMITATION

The study is limited by only a short observation period and the fact that the issuers examined were not chosen based on the fuel needed in their company operations. Hence, future researchers will have the opportunity to prolong the observation period in order to determine the volatility of fluctuations in returns. By extending the observation period, investors' judgments will

become progressively more evident. Also, research samples may be classified depending on the industry by researchers.

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