

Good Winner, Bad Loser: Abnormal Stock Return LQ45 Indonesia Stock Exchange During Covid-19

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Abstract

This study aims to obtain data about “good winners” and “bad losers” through the abnormal return of LQ45 stocks at the Indonesian stock exchange during COVID-19. The sample of this research is the LQ45 stock index with the research period from December 2019 until September 2020. This research method is qualitative using the analysis of expected return, actual return and abnormal return. The results of this study indicate that there are differences in LQ45 share prices before and during the pandemic, during the period before the pandemic in Indonesia in the December 2019 until February 2020 stock prices were still stable, but when Covid-19 entered Indonesia in the March 2020 period, stocks price dropped. The “Good Winner” in the LQ45 stock index is Tower Bersama Infrastructure Tbk and National Syariah Pension Savings Bank Tbk, while the “Bad Loser” is Unilever Indonesia Tbk. and Mitra Keluarga Karyasari Tbk. The form of capital market efficiency on the LQ45 stock index during this pandemic is a semi-strong form.

Keywords

LQ45; good winner; bad loser; abnormal return; efficiency of market modal



I. Introduction

Capital market is an important tool in business. Xiao You and Zhao (2017) argue that the capital market is a place for companies to issue securities in order to meet funding needs for a long time. According to Trisnawati and Diantini (2013) information that can provide a change in reaction from LQ45 is all information that is considered important and able to influence stock prices. Information is not only in the form of official news, but also issues. If the announced information has been received by all market participants, the market can interpret and analyze the information as good news or bad news (Ningsih and Chayaningdyah, 2014). Agustina and Fitriy (2014) say that there are 2 factors that affect the stock, namely internal factors which are factors directly related to the company's performance as seen from the company's financial statement data during the company's operational activities. While external factors are factors that are not directly related to the condition of the company, but from factors outside the company, such as interest rates, inflation rates, foreign exchange rates and others.

Stock price fluctuations in the Indonesian capital market are not only influenced by events originating from the economic environment, but can also originate from events from the non-economic environment, for example the COVID-19 pandemic. The following is stock index movement data from LQ 45 in December 2019 to September 2020:



Figure 1. LQ45 Stock Index Movement Chart Before and During Covid-19

Source: <https://www.idx.co.id/produk/index/> (Accessed online October 4, 2020)

There are several studies that analyze the reaction of the capital market to an event. Kusnandar and Bintari (2020) conducted a study that aims to determine the difference in abnormal returns of the LQ45 index stock before and after changes in trading times on the Indonesia Stock Exchange during the Covid-19 pandemic. The outbreak of Covid-19 in the world in early 2020 has disrupted the economic structure of a country (Harahap, 2021). It even destroyed almost all aspects of business and the joints of human life. Covid 19 pandemic caused all efforts not to be as maximal as expected (Sihombing, 2020). The company has good liquidity measured from its current ratio to meet short-term liabilities by using its current assets (Katharina, 2020). The results of his research indicate that there are statistically significant differences in abnormal returns before and after the announcement of changes in trading times on transactions. Furthermore, Saraswati and Kustanda (2018) conducted research on the reaction of the capital market in Indonesia to the announcement of the election vote count and the inauguration of the President of the United States. perusahaan yang terdapat di indeks LQ45 Bursa Efek Indonesia. Results shows that firstly, there are differences in abnormal returns before and after the announcement of the results of the voting of the President of the United States of America, second, there are differences in abnormal returns before and after the inauguration of the President of the United States. Furthermore, Dewanthi and Wiksuana (2017) conducted a study that aims to analyze the existence of an overreaction (overreaction) of the winner and loser stock market in the BISNIS-27 Index company of the Indonesia Stock Exchange. The results show that there is no statistically significant overreaction in companies listed in the BISNIS-27 Index throughout 2016, which is characterized by abnormal returns of winners stocks that are consistently greater than those of loser stocks significantly.

This study aims to analyze stocks in companies listed in the LQ45 stock index by looking at abnormal returns and average stock returns where later results will be found regarding bad losers and good winners from the LQ45 capital market and per sector analysis for LQ45 shares during the Covid-19 pandemic. 19. This research was conducted on the LQ45 stock index, because in LQ 45 there are 45 issuers that have the highest level of liquidity and market capitalization. Issuers on the LQ45 index have business units with international reach or Multinational Corporation (MNC) so that the impact of the COVID-19 pandemic will have an impact on company shares, either directly or indirectly. The following is the listing and delisting data for LQ45 shares during August 2019 to January 2021.

Table 1. LQ45's Listing & Delisting

19 th August- 20 th January		20 th February- 20 th July		20 th August- 21 th January	
Listing	Delisting	Listing	Delisting	Listing	Delisting
JAPFA Comfeed Indonesia (JPFA)	Elnusa Tbk (ELSA)	Tower Bersama Infastructure Tbk. (TBIG)	Medco nergi Internasional Tbk (MEDC)	Merdeka Copper Gold Tbk (MDKA)	Barito Pacific Tbk (BRPT)
Ciputra Development Tbk. (CTRA)	Waskita Beton Precast Tbk. (WSBP)	Sarana Menara Nusantara Tbk (TOWR)	Chandra Asri Petrochemical Tbk (TPIA)	Summarecon Agung Tbk (SMRA)	Waskita Karya (Persero) Tbk (WSKT)
Buku Tabungan Pensiunan National Syariah Tbk (BTPS)	Adhi Karya (Persero) Tbk (ADHI)	Ace Hardware Indonesia Tbk. (ACES)	Indika Energy Tbk (INDY)	Mitra Keluarga Karyasehat Tbk. (MIKA)	Matahari Departement Store Tbk (LPPF)

Source: <https://www.idx.co.id/perusahaan-tercatat/aktivitas-pencatatan/> (Accessed online October 11, 2020)

II. Research Methods

This research is a qualitative research with the research population, namely all companies listed on the LQ45 index of the Indonesia Stock Exchange during the study period. The sample taken in the study is the same as the total population of the study, namely as many as 45 companies. The period of this research is the period from December 2019 to September 2020. The source of the data used in this study is secondary data. The secondary data meant is weekly stock price data which can be accessed through the website www.idx.co.id. The data collection method used in this study is a non-participant observation method, namely observations carried out without involving themselves and only as independent observers. The data in this study are summarized by observing and recording, and studying descriptions from books, scientific works in the form of journals, theses, theses, newspapers, internet, and others related to the research topic.

The analytical technique used in this study is to use weekly stock price data which will be processed using the formula for abnormal returns, actual returns and expected returns. To determine the data for good winners and bad losers, the average of these 45 companies will be taken as the basis. From the processed data, we will also conduct a subsector analysis and determine the location of the LQ45 market efficiency in Indonesia.

III. Discussion



Figure 2. *LQ45's Stock Index Price Movement*
Outsource: Data Processing (2020)

As a preliminary analysis, we see that when viewed from the average closing price of shares in December 2019 to February 2020, they are still at a stable closing price and do not show significant changes in stock prices. However, at the beginning of March 2020 to the middle of March 2020 there was a significant decline. This is because in addition to market sentiment regarding information on Covid-19 that has entered Indonesia and the PSBB (Large-Scale Social Restrictions) has begun. This caused some stocks to drop by up to 50% yaitu ADRO, ANTM, BBTN, ERRA, INKP, dan JPFA. Although most stocks experienced a decline this March, there were some stocks that did not have much impact on this information with a decline of less than 15%. These companies are ICBP, INDF, UNTR, UNVR and MIKA. If you look back at the chart the market gradually improved starting in April and showed an increase until September.

3.1 Good Winer & Bad Loser

Based on the results of the calculation of the average weekly abnormal return of LQ45 shares, we obtained a list of companies that have a positive average abnormal return during the study period. The following is a list of companies with positive abnormal returns:

Table 2. List of LQ45 Stocks with Abnormal Return (+)

No.	Code	Company	Average Abnormal Return
1	ACES	Ace Hardware Indonesia Tbk.	0.000000442
2	AKRA	AKR Corporindo Tbk.	0.000000048
3	ANTM	Aneka Tambang Tbk.	0.000001086
4	BBCA	Bank Central Asia Tbk.	0.000000015
5	BBNI	Bank Negara Indonesia (Persero) Tbk.	0.000055657
6	BBRI	Bank Rakyat Indonesia (Persero) Tbk.	0.000000327
7	BBTN	Bank Tabungan Negara (Persero) Tbk.	0.000000885
8	BSDE	Bumi Serpong Damai Tbk.	0.000006853
9	BTPS	Bank Tabungan Pensiunan Nasional	0.006372786

		Syariah Tbk.	
10	CTRA	Ciputra Development Tbk.	0.000003114
11	EXCL	XL Axiata Tbk.	0.000006736
12	GGRM	Gudang Garam Tbk.	0.000000653
13	INDF	Indofood Sukses Makmur Tbk.	0.000002262
14	JPFA	Japfa Comfeed Indonesia Tbk.	0.000004696
15	KLBF	Kalbe Farma Tbk.	0.000000008
16	MNCN	Media Nusantara Citra Tbk.	0.000014597
17	PGAS	Perusahaan Gas Negara Tbk.	0.000001079
18	PTPP	PP (Persero) Tbk.	0.000004295
19	PWON	Pakuwon Jati Tbk.	0.000000187
20	SCMA	Surya Citra Media Tbk.	0.000002022
21	SMGR	Semen Indonesia (Persero) Tbk.	0.000000452
22	TBIG	Tower Bersama Infrastructure Tbk.	0.100112005
23	TKIM	Pabrik Kertas Tjiwi Kimia Tbk.	0.000004070
24	UNTR	United Tractors Tbk.	0.000000036

Outsource: Data Processed (2020)

From the table above, we can see that there are 24 companies that have positive abnormal returns. A positive abnormal return indicates that the actual return or the return obtained is greater than the return expected by investors, therefore the list of stocks above can be considered for investors to invest. Tower Bersama Infrastructure Tbk and National Sharia Pension Savings Bank Tbk have the highest abnormal returns compared to 24 other companies.

Table 3. List of LQ45 Stocks with Abnormal return (-)

No.	Code	Company	Average of Abnormal Return
1	ADRO	Adaro Energy Tbk.	(0.000000626)
2	ASII	Astra International Tbk.	(0.000000138)
3	BMRI	Bank Mandiri (Persero) Tbk.	(0.000000558)
4	CPIN	Charoen Pokphand Indonesia Tbk	(0.000000068)
5	ERAA	Erajaya Swasembada Tbk.	-
6	HMSP	H.M. Sampoerna Tbk.	(0.000000159)
7	ICBP	Indofood CBP Sukses Makmur Tbk.	(0.000004575)
8	INCO	Vale Indonesia Tbk.	(0.000000614)
9	INKP	Indah Kiat Pulp & Paper Tbk.	(0.000000117)
10	INTP	Indocement Tunggal Prakarsa Tbk.	-
11	ITMG	Indo Tambangraya Megah Tbk.	

			(0.000012696)
12	JSMR	Jasa Marga (Persero) Tbk.	(0.000003467)
13	MDKA	Merdeka Copper Gold Tbk.	(0.000004264)
14	MIKA	Mitra Keluarga Karyasehat Tbk.	(0.123403164)
15	PTBA	Bukit Asam Tbk.	(0.000000312)
16	SMRA	Summarecon Agung Tbk.	(0.000001885)
17	SRIL	Sri Rejeki Isman Tbk.	(0.000016256)
18	TLKM	Telekomunikasi Indonesia (Persero) Tbk.	(0.000000892)
19	TOWR	Sarana Menara Nusantara Tbk.	(0.000000666)
20	UNVR	Unilever Indonesia Tbk.	(0.018637255)
21	WIKA	Wijaya Karya (Persero) Tbk.	(0.000001682)

Outsource: Data Processed (2020)

Through the table above, we can see that there are 21 companies from LQ45 that have negative abnormal returns. This shows that the actual return obtained is smaller than the return expected by investors. Two companies that have negative abnormal returns are Mitra Keluarga Karyasehat Tbk and Unilever Indonesia Tbk.

In the next analysis, we calculate the mean of the average abnormal return during the study period for companies in LQ45. After doing the calculations we get the average value for positive abnormal returns is 0.004441430 while negative abnormal returns is (0.006766162). There are 2 companies each that are above the average positive and negative abnormal returns. For companies that are above the average negative abnormal return referred to as "BAD LOSSER" the company is Unilever Indonesia Tbk. (UNVR) and Mitra Keluarga Karya Sehat Tbk. (MIKA). Sedangkan untuk perusahaan yang berada diatas rata-rata *abnormal return* positif disebut sebagai "*GOOD WINNER*" perusahaan tersebut adalah Tower Bersama Infrastructure Tbk. (TBIG) dan Bank Tabungan Pensiunan Nasional Syariah Tbk. (BTPS).

3.2 Good Winer & Bad Loser per Subsektor

In addition, as we know that LQ45 is the leading stock on the Indonesian stock exchange. This LQ45 stock consists of various sectors as well as sub-sectors. There are 22 sub-sectors in the LQ45 stock index. The following is a table of good winners and bad losers from each subsector:

Table 4. Good Winner & Bad Loser per Subsector

Subsector	Number of Companies	Good Winner	Bad Loser	Information
ADVERTISING, PRINTING AND MEDIA	2	Media Nusantara Citra Tbk.	None	There are no companies that have negative abnormal returns
ANIMAL FEED	2	None	None	The two companies have different abnormal returns
AUTOMOTIVE AND COMPONENTS	1	None	None	There is only 1 company in this subsector
BANK	6	Bank Tabungan Pensiunan Nasional Syariah Tbk.	None	There is only 1 company that has a negative abnormal return
BUILDING CONSTRUCTION	2	None	None	The two companies have different abnormal returns
CEMENT	2	None	None	The two companies have different abnormal returns
COAL MINING	3	None	Indo Tambangraya Megah Tbk.	There are no companies that have positive abnormal returns.
CRUDE PETROLEUM & NATURAL GAS PRODUCTION	1	None	None	There is only 1 company in this subsector
ENERGY	1	None	None	There is only 1 company in this subsector
FOOD AND BEVERAGES	2	None	None	The two companies have different abnormal returns
HEALTHCARE	1	None	None	There is only 1 company in this subsector
METAL AND MINERAL MINING	3	None	Merdeka Copper Gold Tbk.	There is only 1 company that has a positive abnormal return
NON BUILDING CONSTRUCTION	2	None	None	The two companies have different

				abnormal returns
PHARMACEUTICALS	1	None	None	There is only 1 company in this subsector
PROPERTY AND REAL ESTATE	4	Bumi Serpong Damai Tbk.	None	There is only 1 company that has a negative abnormal return
PULP & PAPER	2	None	None	The two companies have different abnormal returns
RETAIL TRADE	2	None	None	The two companies have different abnormal returns
TELECOMMUNICATION	2	None	None	The two companies have different abnormal returns
TEXTILE, GARMENT	1	None	None	There is only 1 company in this subsector
TOBACCO MANUFACTURERS	2	None	None	The two companies have different abnormal returns
TOLL ROAD, AIRPORT, HARBOR AND ALLIED PRODUCTS	1	None	None	There is only 1 company in this subsector
WHOLESALE (DURABLE & NON-DURABLE GOODS)	2	None	None	The two companies have different abnormal returns

Outsource: Data Processed (2020)

3.3 Market Efficiency

Information regarding the Covid-19 pandemic affected changes in LQ45 stock prices, where when Covid-19 entered Indonesia, namely in March 2020, the capital market reacted as indicated by a 50% decline in share prices in most LQ45 companies. However, there are also some stocks that do not have much impact on this information with a decrease of less than 15%. In addition to Covid-19 information, this was also shown through UNVR shares which carried out a 1:5 stock split in early January 2020 with the aim of making UNVR shares more affordable for the market to buy. Due to the stock split, the market gave a negative response with the stock price dropping from January to Rp. 8,575 to February at a price of 6,825 in stages. Therefore, it can be said that the form of capital market efficiency on the LQ45 stock index during this pandemic period is a semi-strong form where stock prices reflect all relevant public information. Where this form of market efficiency is once company information or company-related information becomes public or general information, then all investors will react quickly and push prices up to reflect all available public information.

Based on the results and discussion we found that there was a difference in LQ45 stock prices before and during the Covid-19 pandemic, where during the period before the pandemic (December 2019 - February 2020) the stock price was still stable, but when Covid-

19 entered Indonesia in the March 2020 period, LQ45 stock price began to decline. Starting in April 2020 stock prices began to strengthen little by little until September 2020, but have not shown prices like they were before the pandemic. There are 24 companies that have positive abnormal returns, where Tower Bersama Infrastructure Tbk and Bank Tabungan Pensiunan Nasional Syariah Tbk have the highest abnormal return (above average) which is then called "GOOD WINNER". There are 21 companies that have negative abnormal returns where Unilever Indonesia Tbk. and Mitra Keluarga Karya Sehat Tbk. has a negative abnormal return (above the average) which is then called "BAD LOSER". Each sub-sector has a good winner or bad loser, but some cannot be categorized as good winners or bad losers because (1) the subsector only consists of 1 company, (2) in the subsector there are two companies that have abnormal returns different. The form of capital market efficiency on the LQ45 stock index during this pandemic is a semi-strong form where prices reflect all relevant public information.

IV. Conclusion

With the information "Good Winner" and "Bad Losser" from LQ 45, the benefits that investors get are first, being able to find out which shares can provide a good rate of return or not in LQ45 shares which are the leading shares on the Indonesia Stock Exchange. Second, providing stock references that provide returns above the expected returns expected by investors during this pandemic. Third, investors can also invest their money in the right stock, namely "Good Winner" in LQ45, because "Good winner" in LQ45 shows that the stock is a good stock in this pandemic and has a relatively stable return to serve as a long-term investment. Fourth, from this information, investors can sort and invest in the right LQ45 shares and this information can also be useful as a consideration for investors in making investment decisions, especially in this pandemic era so as not to overreact in responding to information so that capital market conditions in Indonesia remain efficient.

There are several suggestions that we would like to convey, namely for investors, for financial services authorities and further research. For investors, from the analysis and discussion above, we know that our LQ45 capital market efficiency form is a semi strong form. This form is reflected when we see that UNVR and MIKA's stock prices are included in stocks that have little impact on stock prices during the pandemic. This shows that the two stocks seem to be able to provide good returns in the long term, but if we look at the abnormal returns, UNVR and MIKA have negative abnormal returns and are "BAD LOSSER" in LQ45. For the Financial Services Authority, where in the LQ45 stock index, although it consists of issuers that have the highest level of liquidity and market capitalization, there are stocks that apart from being good winners, some are classified as bad losers. It is hoped that with the results of this research, OJK will be able to provide information such as mapping sectors or sub-sectors that have the potential to become losers and winners.

This research is inseparable from its shortcomings, therefore the following are some suggestions for further research, namely first, the stock under study should be able to expand its population in other stock groups or stock indices on the Indonesia Stock Exchange to be analyzed so that it can find out the bad losers and good winners of the Indonesian Stock Exchange. each sector in the Indonesia Stock Exchange as a whole. Second, in this study we use the market adjusted model in calculating the expected return. Further research can use other models as an example of the market model and the mean adjusted model in order to find out the difference using the existing model. This research has a relatively short period of observation, so that future research is advised to take a longer period of observation so that it can show the condition of the Indonesian capital market better.

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