

Analysis of Differences in Daily Stock Returns and Stock Trading Volume After the Issuance of The Fatwa MUI No. 83 of 2023 Case Study of Israel Affiliated Companies in Indonesia

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ABSTRACT

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This study was conducted of analyzing the efficiency of the semi-strong market in response to the issuance of MUI Fatwa No. 83 of 2023 concerning Legal Protection for the Israeli-Palestinian Struggle. The fatwa calls on Indonesian Muslims to boycott products related to Israel. This study was conducted to see if there were any differences in daily stock returns (AR) and stock trading volume (TVA) for five companies that are thought to have ties to Israel and are listed on the Indonesia Stock Exchange, like PT Unilever Indonesia Tbk (UNVR), PT MAP Boga Adiperkasa Tbk (MAPB), PT Fast Food Indonesia Tbk (FAST), PT Sarimelati Kencana Tbk (PZZA), and PT Graha Prima Mentari (GRPM). This quantitative study uses an event study method with a 60-day event window (30 days before and after the issuance of the fatwa). Data were analyzed using the kolmogorov-smirnov test for normality and hypothesis testing with the non-parametric (wilcoxon signed rank test). Findings indicate no significant differences in AR (abnormal return) and TVA (trading volume activity) between periods before and after an event, suggesting the Indonesian capital market exhibits semi-strong efficiency. Thus, the fatwa announcement did not trigger an excessive market reaction.

1. Introduction

The dispute between Palestine and Israel is an ongoing conflict over territory that has yet to be resolved. Starting in the 20th century, the emergence of the Zionist movement aimed to establish a Jewish state that claimed the Palestinian territories as their ancestral land, thus triggering tensions with the Arab communities that had long inhabited the region. Tensions peaked after the United Nation Organization (UNO) divided the Palestinian territory into two, namely for the Jews and the Arabs, which triggered the outbreak of war in 1948 and is known as the first Israeli – Arab war. In the conflict, the Zionist organization used pressure and force to expel the Palestinian population from the territory they had inhabited for centuries, so that currently Palestinians are only allowed to live in Gaza (Fitria & Putra, 2022).

As of 2023, the dispute has escalated again. This was caused by an Islamic resistance movement called Hamas that counterattacked Israel (Sormin et al., 2024). To respond to the escalating conflict and as a form of solidarity and humanity, the Indonesian Ulema Council (MUI) released Fatwa No. 83 of 2023 as a form of support, which outlines the legal solidarity with the struggle of Palestine. This fatwa prohibits all forms of activity that are indicated to support Israel, while

supporting the Palestinian fight for independence in response to such aggression is considered mandatory.

MUI encourages Indonesian Muslims to use the fatwa to avoid trading or using products associated with Israel or that support colonialism and Zionism. With this fatwa, MUI also strengthens the power of the boycott movement in society. Although MUI itself does not clearly state which products are meant, the fatwa is a legal opinion, which is a non-binding opinion on an event and law. Boycott is the act of refusing or not engaging in certain activities as a form of protest or disapproval (Amarudin et al., 2024). It is a form of protest or rejection carried out by individuals or groups against certain parties by not using, not buying or engaging in a product, service or activity related to something that is boycotted.

This action serves as a form of moral, economic or political pressure intended to voice disapproval of actions, policies or principles that are deemed incompatible with public values or provisions. The main objective of a boycott is to create a significant economic or social impact so that those targeted by the boycott are encouraged to make changes. Boycotts are considered to be a non-violent form of struggle, which is one of the most relevant things that can be done by everyone to voice support.

Through MUI Fatwa No. 83 of 2023 regarding legislation supporting the Palestinian struggle, Muslims in Indonesia utilize boycotting as a means of protest against those who are considered enemies of religion and Muslims, and demonstrate solidarity and concern through their rejection. Boycott of Israeli products in Indonesia has affected companies that are indicated to support Israel. Companies allegedly affiliated with Israel include PT Uniliver Indonesia Tbk, PT Fast Food Indonesia Tbk, PT Graha Prima Mentari Tbk, PT Sarimelati Kencana Tbk, and PT Mitra Adi Perkasa Tbk (Wulandhari, 2023).

The impact of a boycott is not only limited to a decrease in sales, but it can also include the risk of company closure, structural changes in related industries, and movements in the company's shares that can cause a loss of investor confidence to invest in companies affected by the boycott event. The risk of market efficiency instability in the capital market may occur in response to an event. In this case, market efficiency analysis using the event study method and signaling theory can be carried out with the aim of seeing whether the market responds to the event. A market can be said to be semi-strong efficient if stock prices already reflect the information available (Fama, 1970). With the event study method, it can be analyzed how the market reacts to an event.

When the announcement includes significant information, it is expected when the information is announced, the market will react. (Talumewo et al., 2021). A market is considered efficient if it reacts quickly and appropriately to an event at a new price reflecting all the information available. An event that carries information can have a significant impact on changes in stock prices. Events that can affect the capital market originate from both internal and external factors concerning the companies involved (Suganda, 2019).

The capital market is a very important economic tool and can be used as a picture of the country's economic progress. This is due to the fact that the economic condition of a country can have

a direct effect on daily stock price stability and stock trading volume in the capital market. Therefore, stock trading activities in the capital market as part of economic activities are strongly influenced by certain events. The boycott movement against Israel-affiliated products is an information signal for investors, so signaling theory and market efficiency theory are the main theories in this study. Signaling theory describes what signals a company is supposed to send out to people who use financial statements. (Zamzany et al., 2018). By using signaling theory, it can be seen that there is a market reaction to the company in response to available information.

Analyzing the daily stock returns of related companies can reveal whether there is a significant negative abnormal return (AR). If the return generated tends to be negative, investors will not buy the company's equity, leading to a decrease in stock trading volume (TVA). In such a scenario, it can be concluded that the daily stock returns and stock trading volume do not have a positive effect on market efficiency, indicating that the capital market responds to the issuance of MUI Fatwa No. 83 of 2023. Conversely, if the abnormal return generated is positive or there is no abnormal return and the volume of stock trading does not change significantly, it suggests market efficiency, meaning the capital market does not respond to the issuance of MUI Fatwa No. 83 of 2023.

Based on the background of the above problems, to determine whether the market responds to the issuance of the boycott fatwa, this study aims to analyze abnormal returns (based on daily stock returns) and trading volume activity (based on stock trading volume) in Israeli-affiliated companies that sell their products in Indonesia. This will be conducted using 60-day event windows, specifically 30 days before and 30 days after the event. Therefore, the authors are interested in conducting a study entitled "Analysis of Differences in Daily Stock Returns and Stock Trading Volume after the Issuance of MUI Fatwa No. 83 of 2023: Case Studies of Israeli-Affiliated Companies in Indonesia".

1.1 Background

The ongoing conflict between Palestine and Israel, whose roots stem from a territorial dispute that began in 1948, continues to spark strong reactions around the world and reached another peak in 2023 when Israel launched another attack on Palestine, once again drawing international attention. In response, Indonesia's Ulama Council (MUI) issued Fatwa No. 83 of 2023, stating that supporting Israeli aggression is haram, and encouraged Muslims to boycotts products related to Israel.

This fatwa triggered public action in Indonesia, especially the boycott of multinational brands deemed affiliated with or supporting Israel. Some companies listed on the Indonesian stock exchange, such as PT Uniliver Indonesia Tbk (UNVR), PT Fast Food Indonesia Tbk (FAST), PT Sarimelati Kencana (PZZA), PT Mitra Adi Perkasa (MAPI), and PT Graha Prima Mentari (GRPM). This public action could potentially influence investor behavior, stock performance and market dynamics.

In terms of capital markets are sensitive to significant public information, this fatwa may have triggered market inefficiencies, especially in semi-robust stock markets where prices should reflect all publicly available information. Therefore, empirical testing of the market response is crucial to determine whether the Indonesian capital market, especially companies suspected of being affiliated

with Israel, remains efficient in absorbing socio-political and religious sentiments.

1.2 Problem Statement

Given the background description above, that the main topic to be discussed in these studies is “Are there differences in abnormal daily stock returns and significant stock trading volume in companies listed in Israel following the issuance of MUI Fatwa No. 83 of 2023?”

1.3 Objectives and Scope

Referring to the above issues, it is the objective of this study to determine whether there are significant differences in AR, TVA, and market response after the issuance of a boycott fatwa against companies related to Israel in Indonesia whose shares are listed on the Indonesia Stock Exchange. Therefore, this study cannot be generalized to all stocks listed on the Indonesia Stock Exchange

2. Literature Review

According to Tandelilin (2017), Information performs an essential function in the concept of market efficiency. Market efficiency occurs when stock prices fully reflecting all of the available information, known as an informationally efficient market. Fama (1970) classify market efficiency based on the type of info reflected in prices into three forms: weak, semi-strong, and strong. With weak efficiency, the prices of financial instruments reflect all historical data, so past info can't be used for predicting future prices. Meanwhile, under semi-strong efficiency, stock prices show all the public info out there, such as earnings announcements, dividends, mergers, government policies, and regulations from regulatory agencies. This means that the market responds quickly to publicly announced information. Strong-form efficiency is the most stringent form, as it reflects all information, both public and private (internal). Under these conditions, even investors with access to internal company information cannot earn abnormal profits.

Spence (1973) explains the signal theory that companies publicly announce information such as dividends, profits, or restructuring to provide positive signals to the market to help investors make more informed decisions. This theory stems from the information gap between managers and stakeholders, and emphasizes the importance of information as a signal that reflects how the company runs its operations. Positive information will generally encourage a positive response from investors, which in turn can boost stock prices and corporate value (Suharti & Saftiana, 2021).

2.1 Related Work

Results of the conducted research by Sagung et al. (2023) show statistically insignificant in AR the IDX 30 Index when the event canceled Indonesia as the host of the U20 world cup in 2023, implying that the market does not respond to the event excessively and the market can still be considered efficient in its semi-strong market. In contrast results of the conducted by Sambuari et al. (2020) which identified a significant difference in AR after the covid-19 event in food and beverage companies listed on the IDX. This occurred because of panic selling during the event which caused

investors to withdraw their assets. This study will test EMH with the event of boycotting products affiliated with Israel following the issuance of MUI Fatwa No. 83 of 2023. Based on previous research which identified a significant difference between AR before and after certain events, this study proposes the hypothesis that there is a difference in abnormal returns (AR) after the issuance of MUI Fatwa No. 83 of 2023 (H1).

Results of the conducted research by Sambuari et al. (2020) indicated a significantly negative change in TVA among listed food and beverage companies on the IDX during the corona virus event (covid 19) which means the market is inefficient in a semi-strong form. This contrasts with research conducted by Aperlina & Sulistianingsih (2022) on Airline companies (K111), which reported no change in TVA after the first declaration of the Covid 19 pandemic. It shows the market didn't react to the event, and thus the market is still efficient in a semi-strong form. This study will test EMH by looking at the difference in TVA in stock trading volume during the event of boycotting Israeli-affiliated products after the issuance of MUI Fatwa No. 83 of 2023. Based on previous research that found significant differences between TVA before and after certain events., this study proposes a hypothesis that there is a difference in trading volume activity (TVA) after the issuance of MUI Fatwa No. 83 of 2023 (H2).

2.2 Research Gap

This study has similarities with subsequent research, namely conducting semi-strong form market efficiency research and event study methods, and using the same observation variables, namely stock returns to see abnormal returns and stock trading volume to see trading volume activity. While the difference is that previous research is more based on the covid 19 event and this research is about the boycott event, and the company that is the object of research is also different.

3. Methodology

This research uses quantitative methods. Sudaryana & Agusiady (2022) define quantitative research as research that focuses on analyzing numerical data (numbers) and is processed based on statistical methods. This research includes event study research. Jogyanto (2017) states that events studies are a science which studies market responses to events for which information is disseminated as announcements. The method of event study used in this research was to determine the reaction of the capital market to the announcement of MUI Fatwa No. 83 of 2023 on Israeli-affiliated products in Indonesia.

3.1 Data Collection

The data gathering method is the procedure that researchers use to get quantitative info from respondents in line with the scope of the investigation (Sujarweni & Wiratna, 2021). In this study, the data gathering technique in this study is the documentation method, which involves accessing data from official websites such as www.idx.co.id and www.yahoo.finance.com. This research uses secondary data, which means information that has already been obtained and is adapted from existing

sources. The observation period was carried out for 60 days, namely 30 days before and 30 days after the issuance of MUI Fatwa Number 83 of 2023.

It uses a sample selection method with purposive sampling technique, which is a sampling method based on specific criteria and selected with the aim that the samples taken can represent the characteristics of the population in a relevant manner and in accordance with the research objectives. The sample used is affiliated Israeli companies whose products are sold in Indonesia with a classification of 5 affiliated Israeli companies whose shares are issued on the Indonesia Stock Exchange.

3.2 Analysis Techniques

This research calculation operates two applications to process and analyze data, namely Microsoft Excel and IBM SPSS Statistics 26. The Microsoft Excel application is used to calculate AR and TVA on the basis of the formulas provided. Once the results of the calculation of AR and TVA are known, the data analysis process is continued with the IBM SPSS Statistics 26 application. The following is the formula used in this study:

- a. Daily Stock Return:

$$\text{Stock Return} = P_{it} - P_{it-1} / P_{it-1}$$

- b. Abnormal Return:

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

- c. Trading Volume Activity:

$$TVA = \sum \text{company shares traded at time } t / \sum \text{the company's shares outstanding at time } t$$

3.2 Validation

Descriptive statistics is a method for collecting, presenting, and analyzing numerical data in order to provide an easy-to-understand overview without interpreting the relationship between variables (Silvia, 2020). In this study, a quantitative descriptive statistical approach was used to describe the average, maximum, minimum, and standard deviation values of AR and TVA during the observation period. Before conducting hypothesis testing, a normality test is carried out using the Kolmogorov-Smirnov method. Quraissy (2020) states that this test is a nonparametric method that aims to test the suitability of a continuous one-dimensional data distribution, either with a theoretical distribution (one sample test) or between two independent samples (two sample test), with a significance level of 5%.

Hypothesis testing in this study aims to test the truth of data based on samples with an inferential statistical approach. Sugiyono (2016) defines the hypothesis as a temporary answer to the problem formulation that needs to be proven empirically. If the data is normally distributed, the Paired Sample T-Test test is used, which is a method for comparing the means of two paired samples (Syafriani et al., 2021). However, if the data is not normal, the Wilcoxon Signed Rank Test is used as a nonparametric alternative (Ziqria Azzuhra et al., 2022). The decision-making basis for both tests is based on the 2-tailed significance value, with the criteria for rejecting or accepting H0 depending on whether the value is smaller or larger than 0.05.

4. Results and Discussion

4.1 Key Findings

Tabel 1. Descriptive Statistics AR Before and After the Event

Stock Code	Max (Before)	Min (Before)	Mean (Before)	SD (Before)	Max (After)	Min (After)	Mean (After)	SD (After)
UNVR	0,04303	-0,0473	-0,0013	0,02092	0,02733	-0,0287	-0,0032	0,01464
FAST	0,03579	-0,052	-0,0015	0,01954	0,03835	-0,0261	-0,0013	0,0144
PZZA	0,01754	-0,0193	-0,00003	0,0107	0,01763	-0,0447	-0,0053	0,01336
MAPI	0,05061	-0,0587	-0,00407	0,02854	0,0475	-0,0368	-0,0005	0,02248
GRPM	0,09116	-0,0521	-0,00418	0,02919	0,20652	-0,0578	-0,0024	0,04511

Descriptive statistical analysis shows that before the boycott event, there is a significant variation in each issuer. Before the event, all stocks showed a negative mean abnormal return value, indicating a tendency for the stock price to decrease compared to normal return expectations. For example, MAPI stock have an average on AR of -0.00407 with a variance of 0.02854, which indicates a high fluctuation. While GRPM stock has the largest deviation of 0.02919, the mean remains negative (-0.00418), indicating relatively high price instability even before the event.

After the boycott event, some stocks recorded an improvement in mean abnormal returns, such as FAST and MAPI, although the values were still negative. This could imply that the market reaction was not entirely positive to the event, but there were signs of recovery. For example, MAPI experienced an increase in mean abnormal return from -0.00407 to -0.00052, accompanied by a decrease in volatility (SD from 0.02854 to 0.02248). GRPM even showed a significant spike in the maximum post-event abnormal return (from 0.09116 to 0.20652), but the fluctuation also increased (SD rose to 0.04511), indicating speculation or a volatile market response. This data reflects that the boycott event had a real impact on investor perceptions, although not uniformly across issuers.

Tabel 2. Descriptive Statistics TVA Before and After the Event

Stock Code	Max (Before)	Min (Before)	Mean (Before)	SD (Before)	Max (After)	Min (After)	Mean (After)	SD (After)
UNVR	0,000782	9,76E-05	0,000387	0,000196	0,001072	0,000112	0,000331	0,000211
FAST	6,39E-05	2E-07	5,4E-06	1,17E-05	0,000048	0	4,2E-06	0,00001
PZZA	0,000306	2,9E-06	4,51E-05	6,38E-05	0,000893	5E-07	9,87E-05	0,000178
MAPI	0,003872	0,00032	0,001503	0,000925	0,004808	0,000357	0,001661	0,001021
GRPM	0,01229	0,000165	0,001388	0,002146	0,00418	2,03E-05	0,006448	0,000847

Descriptive statistical analysis shows that before the boycott event, GRPM stock had the highest trading volume activity (TVA) value of 0.0122896, while FAST had the lowest value of 0.0000639. MAPI stock recorded the highest minimum value, while FAST had the lowest minimum value of almost zero. MAPI and GRPM also showed the highest average TVA, signaling high trading activity before the event. GRPM had the highest standard deviation of 0.0021460 indicating high volatility, while FAST recorded the lowest standard deviation, reflecting stable trading and minimal changes.

After the boycott event, there were differences in trading activity between companies. GRPM remained the most actively traded stock with the highest average TVA of 0.0064477, followed by MAPI and PZZA. Conversely, FAST stock again recorded the lowest average TVA, indicating a lack of investor interest. GRPM also recorded the highest standard deviation of 0.0084866, indicating a large but inconsistent market response. Meanwhile, FAST stock remained stable with the lowest standard deviation, indicating that the boycott event didn't really affect the trading volume of it's shares.

Tabel 3. Kolmogorov Smirnov Normality Test Abnormal Return

	Before Event	After Event
N	30	30
Asymp. Sig. (2-tailed)	0.012 ^c	0.003 ^c

In the table above, result obtained for the average AR before the boycott is non-normally distributed where the value 0.012 is smaller than 0.05. Similarly, the average AR after the boycott is also not normally distributed, because the Sig. value 0.003 which means the significance value is smaller than 0.05. Thus, the non-parametric (wilcoxon signed rank test) is the appropriate hypothesis testing.

Tabel 4. Kolmogorov Smirnov Normality Test Trading Volume Activity

	Before Event	After Event
N	30	30
Asymp. Sig. (2-tailed)	0.000 ^c	0.021 ^c

In the table above, result obtained for average TVA before the boycott is non-normally distributed, as the Sig. value 0.000 is smaller than 0.05. Similarly, the average TVA after boycott is also non-normally distributed, because the Sig. value 0.021 which means the significance value is smaller than 0.05. Thus, the non-parametric (wilcoxon signed rank test) is the appropriate hypothesis testing.

Tabel 5. Hypothesis Test on AR

Z	-0.679 ^b
Asymp. Sig. (2-tailed)	0.497

In the table above, hypothesis testing is done to see if there are significant differences in abnormal stock returns. The Sig. value (2 -tailed) 0.497, which is bigger than the significance value of 5%. It means, H1 is rejected, meaning that it's not an abnormal return on daily stock returns. This indentificate that the market didn't significantly respond to the issuance of MUI Fatwa No. 83 of 2023, and there is no difference in market efficiency before and after the boycott announcement on Israeli-affiliated companies in Indonesia.

Tabel 6. Hypothesis Test on TVA

Z	-0.772 ^b
Asymp. Sig. (2-tailed)	0.440

In the table above, hypothesis testing is done to see if there are significant difference in stock trading volume. The Sig. value (2 -tailed) 0.440, which is bigger than the significance value of 5%. It means, that H2 is rejected, meaning that it's not an significant difference in TVA before and after the issuance of MUI Fatwa No. 83 of 2023. This means that the boycott event does not really affect investors to buy and sell shares in the company, so the market is still efficient during the event period.

4.2 Interpretation of Results

The data testing in this study indicates that both Hypotheses 1 (H1) and Hypotheses 2 (H2) done using the non-parametric test. This method is used based according with the results of the kolmogorov-smirnov showed that the data on daily stock returns and stock trading volume are non-normally distributed. So, non-parametric test was appropriate to examine the difference between the period before and after the issuance of MUI Fatwa No. 83 of 2023.

The first Hypothesis (H1), which posited a difference in daily stock returns after the issuance of the fatwa, was rejected. This conclusion is based on a Sig. value (2-tailed) of 0.497, which is greater than 5% (Sig. > 0.05). Statistically, this indicates the lack of a significant difference in AR between the period before and after the fatwa issuance. Thus, Israeli-affiliated companies in Indonesia did not show an abnormal reaction to the boycott movement information.

The second Hypothesis (H2), which posited a difference in stock trading volume after the fatwa is issued, was rejected. The Wilcoxon Signed Rank Test obtained a Sig. value (2-tailed) of 0.440, which is greater than 5% (Sig. > 0.05). This indicates the lack of a significant difference in stock TVA before and after the fatwa's issuance, suggesting that investors' decisions to buy and sell stocks remained unchanged in response to the event.

These findings support the Efficient Market Hypothesis (EMH) in a semi-strong form, stating that stock prices already have reflected all information available to the public, including information in the form of fatwa announcements by religious authorities. There were no significant changes in AR on daily stock returns and TVA on trading volume after the fatwa announcement indicating the market had absorbed this information quickly and efficiently.

Consistent with signal theory, which aims to send positive signals to the market so that investors can make more informed decisions, the signals sent through fatwas are not considered strong or relevant enough by investors to influence their investment decisions. Thus, moral or religious signals in this context are not enough to shift market expectations of the company's fundamental performance. Investors remain rational by basing investment decisions on economic information that is considered more substantial. The inability of fatwa signals to trigger significant changes in the market reflects that not all public information is able to influence market behavior, especially if it is considered not to have a direct impact on the issuer's financial prospects.

5. Discussion

5.1 Comparison with Prior Research

The findings of this research indicate that there is no statistically significant difference between stock returns and stock trading volume before and after the issuance of MUI Fatwa No. 83 of 2023 on companies affiliated with Israel. This finding indicates that the market did not give a strong enough reaction to the fatwa event within the event window period used, which is 30 days before and after the fatwa announcement. In the context of semi-strong market efficiency, this condition indicates that the information contained in the fatwa has not been fully responded to quickly and significantly by market participants. In other words, the market shows a tendency to remain efficient in a semi-strong form because there is no change in abnormal returns or extraordinary trading activity after the event.

Similar circumstances were also found in several previous studies. For example, research by Sagung et al. (2023) on the Idx 30 and Aperlina & Sulistianingsih (2022) on airline companies stated that there was no significant difference between before and after the events studied, even though the events were national in scale such as the announcement of changes in index composition or the Covid-19 pandemic. This shows that not all public information causes a significant market reaction. Market reaction largely depends on the extent to which investors consider the information important, relevant, and has direct financial implications for company performance. In the case of MUI fatwa, although it has moral and social symbolic power, the fatwa has not been accompanied by concrete information on economic sanctions or binding regulations, so market participants tend to respond passively.

In addition, the low intensity of market reaction can be explained in terms of investor behavior and market structure in Indonesia. Most market participants in Indonesia may not have made

moral or social considerations the main basis for making investment decisions. Investment decisions are more influenced by the fundamental performance of the company, macroeconomic conditions, and expectations of long-term profit prospects. In addition, the dissemination of information about the fatwa was not followed by a massive campaign in the mainstream media or formal regulations from the government, which made this event not fully seen as a strong catalyst in market decision-making. Therefore, although socially the event generated a public response, economically it has not been able to shift the direction of stock price movements or trading volumes in the near term during the observed event window period.

5.2 Limitations

This study has several limitations that may affect its results and generalizability of the findings. First, the study only uses an event window of 30 days before and after the fatwa event, which, while considering the possible influence of other events, still limits the scope of observations. A longer or shorter time span may yield different results, especially when considering the dynamics of the Palestinian-Israeli geopolitical issue that continues to evolve and influence public perception in a fluctuating manner.

Another limitation lies in the number and type of company samples analyzed. This study only includes companies that are publicly known to have links with Israel based on public perception or media information, but does not directly investigate the official or legal involvement of these companies with Israeli entities. This may lead to bias in selecting the research objects, as the perception factor is more dominant than factual data on the company's linkages. In addition, the secondary data used does not directly accommodate the psychological variables of investors directly, which actually play a major role in shaping perceptions and investment decisions.

5.3 Future Research

Future research is recommended to expand the scope of the event window period and include other variables such as media reaction, online search volume (e.g., Google Trends), and public sentiment analysis on social media to measure public perception more comprehensively. By using a mixed-methods approach (combining quantitative and qualitative approaches at the same time), researchers can more thoroughly describe the impact of information from a statistical and psychological perspective. This Combined approach would also help determine whether changes in stock prices and trading volumes are truly triggered by the fatwa or by other external factors that take place at the same time.

Additionally, future research could compare the effects of fatwas with other similar events, such as boycott calls from public figures, digital civil society campaigns, or even large demonstrations that impact the economic sector. This is important to identify which factors are most influential in triggering market reactions. The use of cross-country data can also be considered, especially in other Muslim-majority countries that have experienced similar events, to find out whether market reaction patterns are globally consistent to religious-political events such as the Palestinian-Israeli conflict.

6. Conclusion

This research seeks to analyze the semi-strong form of market efficiency in response to the issuance of MUI Fatwa No. 83 of 2023 concerning the Legal Support for the Palestinian Struggle. Using daily abnormal stock returns and stock trading volume as observation variables, the following conclusions can be drawn:

- a. Abnormal daily stock returns before and after the issuance of MUI Fatwa No. 83 of 2023 did not show any significant difference. This supports the Efficient Market Hypothesis (EMH) in its semi-strong form. Based on this, the market can be said to be still efficient in semi-strong form and does not respond to the event of the issuance of MUI Fatwa No. 83 of 2023 concerning the boycott of products affiliated with Israel.
- b. Trading Volume Activity on the trading volume of shares of companies affiliated with Israel does not show any difference and the market does not respond to events before and after the issuance of MUI Fatwa No. 83 of 2023 concerning the boycott of Israeli-affiliated products, this is in line with the Efficient Market Hypothesis (EMH) in its semi-strong form.

7. Recommendation

Based on the research on the analysis of differences in daily stock returns and stock trading volume after the issuance of MUI Fatwa No. 83 of 2023 on Israeli-affiliated companies in Indonesia, future researchers should consider using a more diverse event window and different types of public events that have significant potential to affect the capital market, such as government policy announcements, Bank Indonesia interest rate decisions, or global events such as geopolitical conflicts or international economic crises. By analyzing events beyond MUI Fatwa No. 83 of 2023, researchers can further test the semi-strong form of market efficiency by observing how the market responds to various types of public information that are economically and socially relevant. For investors, in a semi-strong form of efficient market, a long-term investment strategy with a buy-and-hold approach and diversification across assets and sectors is a wiser choice than short-term market timing efforts, because public information is quickly reflected in stock prices and the gains from guessing the market tend to be insignificant after taking into account transaction costs. Therefore, investors should prioritize fundamental analysis when making investment decisions.

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