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The Indonesian stock market responded negatively to Trump: Impact of import tariff policies

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A B S T R A C T

This study analyzes the impact of the United States' import tariff policy announcement on April 2, 2025, on stock price movements in the LQ-45 index on the Indonesia Stock Exchange. Using the Event Study method, this study compares stock prices and market volatility 30 days before and 30 days after the policy announcement.

Data were obtained from the daily closing prices of LQ-45 stocks collected through purposive sampling. The analysis was conducted using paired t-tests and Wilcoxon Signed Rank tests to assess the significance of average price differences, as well as standard deviation calculations to evaluate changes in market volatility.

The results indicate that there was an increase in the average LQ-45 index after the import tariff announcement, followed by a decrease in market volatility. However, this increase was not statistically significant (p-value > 0.05), suggesting that the policy's impact on LQ-45 stock prices is limited. These findings align with the Capital Market Efficiency Theory, where information is already reflected in stock prices before the announcement, as well as the Signal Theory, which emphasizes that the impact of global economic policies does not always result in extreme reactions in domestic markets.

This study contributes to the literature on the response of the Indonesian stock market to international economic events and highlights the importance of psychological factors and anticipatory investor behavior. The main recommendation is the need for further research with a broader sample and variables, including the measurement of investor sentiment as a determinant of market reactions.

1. Introduction

1.1 Background

The announcement of import tariff policies by the United States in April 2025 is expected to impact many global economic sectors, including the industrial and international trade sectors. Indonesia, as one of the developing countries with significant dependence on international trade, will feel the direct impact of these policies. One way to assess the impact of these policies on the Indonesian economy is by analyzing how the capital market, as reflected in the LQ-45 stock index, responds to these policies.

The LQ-45 index reflects the 45 largest and most liquid stocks on the Indonesia Stock Exchange (IDX), making it a key indicator for investors in assessing the performance of the Indonesian capital market. Given the vital role of this index as a market benchmark, significant changes in international policies that impact trade and the Indonesian economy may be reflected in the price movements of LQ-45 stocks. Additionally, given Indonesia's reliance on global markets and its import-export sector, economic policies such as import tariffs often influence the competitiveness of domestic products and investors' perceptions of domestic market stability.

From a theoretical perspective, the Spence Signal Theory ([1]) provides a relevant framework for explaining market reactions to import policy announcements. This theory states that major policies announced by powerful countries like the United States can be interpreted as signals to the market about broader economic conditions, both domestically and internationally. These signals, in the context of the Indonesian stock market, can influence investors' perceptions of Indonesia's future economic prospects, which in turn affect their investment decisions, including in stocks listed on the LQ-45 index.

Additionally, the Efficient Market Hypothesis (EMH)[2] , developed by Fama, offers a different perspective. According to this theory, stock prices reflect all available information, both public and existing. Therefore, import policies announced by the United States will be immediately reflected in stock prices in the Indonesian capital market, given that the Indonesian market is considered efficient in absorbing new information. In this context, this study also aims to analyze how quickly and to what extent the announcement of U.S. import policies affects stock price movements in the LQ-45 index, as well as whether the Indonesian stock market reflects information efficiently.

*1.2 **Problem Statement***

The main problem statement in this study is how the import tariff policy announced by the United States on April 2, 2025, affects the Indonesian stock market, particularly stocks that are members of the LQ-45 index. More specific questions are: Are there significant differences in the price movements of LQ-45 stocks before and after the policy announcement? Based on market efficiency theory, we can expect rapid and measurable changes in stock prices after the announcement of import policies, but in practice, these effects are often influenced by various factors, such as market sentiment and more complex domestic economic conditions. Therefore, it is important to understand how these policies affect the Indonesian stock market, taking into account both external and internal factors.

*1.3 **Objectives and Scope***

This study aims to identify the significant impact of the US import tariff policy announcement on stock price movements in the LQ-45 index, using the **Event Study** method. This method allows for a more in-depth analysis of market reactions to major events that affect the stock market, such as import policies announced by the United States. This study also aims to analyze whether the policy affects market volatility, as reflected in changes *in the standard deviation of* the LQ-45 index before and after the policy announcement.

The scope of this study is limited to the LQ-45 index listed on the IDX, with a focus on stock price movements in the 30 days before and 30 days after the announcement of the US import policy. This study also does not include other stocks on the IDX that are not included in the LQ-45 index, so the findings of this study are limited to selected stocks in the Indonesian market.

2. Literature Review

*2.1 **Related Research***

The Signal Theory proposed by Michael Spence (1973) provides a strong framework for understanding how economic policies, such as import tariff policies, can signal broader economic prospects to the market. In this context, the announcement of import tariff policies by the United States on April 2, 2025, can be considered a signal that influences investors' perceptions of Indonesia's economic stability and international trade. According to Spence[1] , policies announced by a country's government can provide clues about the direction of that country's economic policy, which in turn influences market decisions, including in this case the Indonesian stock market. In this study, this signaling theory is used to understand how the Indonesian capital market responds to US import policies as signals regarding the prospects for international trade and the Indonesian economy.

The Efficient Market Hypothesis (EMH)[2] states that capital markets operate efficiently, where stock prices reflect all available information, and this information is immediately reflected in stock prices in the Indonesian market. According to Fama ([2]), there are three forms of market efficiency: **weak form, semi-strong form,** and **strong form.** In **the semi-strong form,** which is relevant to this study, stock prices reflect all new public information, including import policy announcements. Therefore, according to this theory, the Indonesian stock market should respond immediately to import tariff policy announcements with changes in stock prices reflected in the LQ-45 index.

However, despite the widespread use of this theory in stock market analysis, there are various **market anomalies** that indicate that markets are not always efficient. These anomalies arise due to non-fundamental factors such as investor psychology and irrational market behavior, which challenge the validity of market efficiency theory. This is particularly important in the context of the Indonesian market, where market reactions to international economic policies may be influenced by psychological factors and expectations that may not always be reflected in market efficiency theory alone.

Research conducted by MacKinlay[3] uses the Event Study method to analyze the impact of major events on the stock market. In this study, changes in stock prices can be measured by comparing stock prices in the period before and after the announcement of an event or policy. This method has been used in various studies to assess the impact of economic policies on stock price movements. Event Study helps determine whether there are significant changes in stock prices that can be directly linked to an event, such as the announcement of import tariffs by the United States.

In this study, the Event Study method was applied to measure the impact of US import tariff policies on stock price movements in the LQ-45 index. By comparing stock prices in two periods—30 days before and 30 days after the policy announcement—this study can assess whether there are significant differences caused by the policy. This methodology is crucial in this study, as U.S. import tariff policies are considered events that can influence the Indonesian stock market, particularly the LQ-45 index, which reflects leading companies listed on the Indonesia Stock Exchange (IDX).

Another important study by Baker and Wurgler ([4]) analyzes investor sentiment as a determinant of stock market movements. In their research, Baker and Wurgler demonstrate that market sentiment often influences investment decisions, even though it is not always based on objective fundamental analysis. Investor sentiment, influenced by various psychological factors such as expectations, fear, or optimism, often influences investment decisions more than rational economic information. In the context of this study, although U.S. import tariff policies can be considered fundamental information, Indonesian investor sentiment may also influence market reactions to such policies.

This is particularly relevant given that the Indonesian stock market can be influenced by psychological factors that are not always reflected in market efficiency theory. Therefore, this study aims to assess how investor sentiment in Indonesia can influence stock price movements in the LQ-45 index following the announcement of import tariff policies, even though such policies can be considered important fundamental signals. Additionally, several previous studies support the relevance of this topic in the context of the Indonesian stock market and other emerging markets. A study titled "Analyzing the Impact of Import Tariffs, Trade Dynamics, and Exchange Rate Shocks on Indonesia's Economic Growth"[5] confirms that U.S. import tariff policies have a negative impact on Indonesia's economic growth through reduced exports, Rupiah depreciation, and decreased competitiveness of domestic products. A study titled "The Impact of U.S. Tariffs on the JCI: Market Crisis or Investment Opportunity?"[6] found that U.S. tariff policies triggered volatility in the JCI, particularly in the export commodity sector, and led to increased import costs. Meanwhile, "The World Under Trump's Tariff Shadow"[7] by MNC Securities shows a portfolio shift toward defensive sectors and short-term market pressure due to the 32% tariff on Indonesia's main exports.

Other international studies such as "US-Chinese trade war: an event study of stock-market responses"[8] highlight that emerging market stock markets experienced significant abnormal returns during tariff tensions. This context underscores the importance of event studies as a relevant approach for analyzing stock price reactions before and after major events.

In-depth research on investor sentiment, such as "The Impact of Investor Sentiment on Stock Returns in Developing Countries"[9] and "The Impact and Role of Investor Sentiment in Emerging Markets"[10] , demonstrates that sentiment is a critical variable in stock movements that is increasingly dominant in volatile market conditions, supporting the urgency of analyzing psychological variables in this study. The study "How Investor Sentiment Affects Stock Market Crisis Risk in Developing Countries?" (Taylor & Francis)[11] also confirms the significant influence of sentiment on crisis risk in emerging markets.

2.2 Limitations of the Study

Although several studies have examined the impact of import policies or major economic policies on stock markets, most previous research has focused on stock markets in developed countries or domestic economic policies. Previous studies in Indonesia have mostly highlighted the short-term transmission mechanisms of tariffs to the macro sector, with few direct empirical studies on the reactions of major stocks in the LQ-45 index and the role of investor sentiment interactions. Therefore, this study specifically fills this gap, both in terms of event studies and testing the psychological impact of the Indonesian market after the announcement of US import tariffs.

Research conducted by MacKinlay[3] and Fama[12] primarily analyzes stock market reactions in developed countries to major events, such as the announcement of import tariff policies or other economic events. Meanwhile, research focusing on the impact of U.S. import policies on the Indonesian stock market, particularly the LQ-45 index, remains limited. This study addresses this gap by specifically analyzing the impact of the import tariff policy announced on April 2, 2025, on stock prices in the Indonesian capital market, particularly stocks included in the LQ-45 index.

Additionally, while there are studies analyzing the impact of import policies on the stock market, another gap that requires further exploration is the role of investor sentiment in influencing stock price movements in Indonesia. Most previous studies have focused on fundamental factors in determining market reactions to import policies. However, the influence of investor sentiment, which is often influenced by psychological perceptions and long-term expectations regarding international policies, requires further attention. This gap opens opportunities for further research that can expand understanding of how psychological factors and market perceptions can influence reactions to international policies, particularly in the Indonesian stock market.

This study also identifies that the efficiency of the Indonesian capital market requires further attention, as an efficient market reflects information quickly and accurately in stock prices. Although the capital market efficiency theory states that stock prices always reflect all available information, reality shows the existence of market anomalies and external factors that influence investment decisions. Therefore, this study aims to explore further how the efficiency of the Indonesian capital market plays a role in absorbing the impact of US import policies, as well as how quickly the Indonesian capital market responds to such information.

3. Methodology

3.1 Data Collection

Data

The primary data source for this study is secondary data, which includes daily stock prices listed on the LQ-45 index on the Indonesia Stock Exchange (IDX). This data includes the closing prices of stocks that are members of the LQ-45 index, which is the main index on the IDX and reflects the price movements of companies with the largest market capitalization and highest liquidity. Daily stock price data was collected from reliable financial websites, such as investing.com, which provides valid and verified historical stock price data.

Sampling Method

This study uses a purposive sampling method to select the stock data used in the analysis. The sample consists of 30 stocks that are members of the LQ-45 index. The research period is divided into two time intervals:

1. 30 days before the announcement of the US import tariff policy (pre-announcement period)
2. 30 days after the announcement of the US import tariff policy (post-announcement period)

The selection of these periods aims to identify whether there are significant differences in the performance of LQ-45 stocks before and after the policy announcement. By comparing these two periods, this study seeks to see how the market responds to changes in import policy and whether the impact of the policy is reflected in the prices of stocks that are members of the LQ-45 index.

3.2 Analysis Technique

Event Study Model

To analyze the impact of import tariff policy announcements on LQ-45 stock prices, this study uses ***the Event Study Model***. The Event Study Model is a technique used to assess the impact of a specific event (in this case, import policy announcements) on stock price movements. Using this model, stock price data from two periods—before and after the announcement—are compared to identify changes in stock prices directly caused by the policy.

Test Statistics

After the stock price data is collected, the next step is to calculate **the average stock price** for two periods: 30 days before the announcement and 30 days after the announcement. Significant differences between these two periods will be tested using ***a paired t-test*** and ***the Wilcoxon Signed Rank test***.

1. *The paired t-test* is used to test whether there is a significant difference between the average stock prices before and after the announcement of the import tariff policy. This test is chosen because the data being compared comes from two related periods (before and after the policy).
2. *The Wilcoxon Signed Rank test* is a non-parametric test used for data that is not normally distributed. This test is important to ensure the validity of the results, especially if the data shows a non-normal distribution, as found in the normality test.

Volatility Calculation

In addition to testing price differences, market volatility is analyzed to determine whether the import policy announcement affects market uncertainty. *Standard deviation* is used as a measure of volatility for the two periods being compared. A decrease or increase in volatility following the announcement can provide insights into how the market responds to import policies.

Data Habits

Before performing statistical tests, the first step is to test the normal distribution of data using *the Kolmogorov-Smirnov test*. This test is used to determine whether stock price data is normally distributed or not. If the data is normally distributed, a paired sample t-test will be used. If it is not normally distributed, then the **Wilcoxon Signed Rank test** is more appropriate to test the difference between the two periods.

3.3 Validation

To **validate** the results of the statistical tests, several steps are taken:

Data Normality Test: A normality test using ***the Kolmogorov-Smirnov test*** is conducted to ensure that the data used in this study meets the assumption of normal distribution. If *the p-value* is greater than 0.05, the data is considered normal and can proceed to *the t-test*. If *the p-value* is less than 0.05, the data is considered abnormal, and *the Wilcoxon Signed Rank test* is used.

Hypothesis Testing: Using *a paired t-test*, the null hypothesis (H0) stating that there is no significant difference between the LQ-45 index values before and after the import tariff policy is tested. If *the p-value* is greater than 0.05, then H0 cannot be rejected, meaning there is insufficient statistical evidence to support a significant difference between the two periods.

Measurement Consistency: Measurements made by comparing the average stock prices of two different periods are considered consistent for testing the impact of the policy. Volatility calculations using standard deviation are also considered a valid measure for measuring differences in market uncertainty levels.

Data Triangulation: Data triangulation is performed by comparing the results of analyses from several different statistical approaches (such as *paired t-tests* and *Wilcoxon Signed Rank tests*). By conducting two different tests, the validity of the results can be further strengthened.

Data Reliability

To ensure the reliability of the data used in this study, secondary data collected from verified sources (**investing.com**) was selected because it is considered to have a high level of accuracy and is reliable for the purposes of this study. The use of official daily stock prices listed on the IDX also ensures reliability in analyzing the impact of import policies on stock prices in the LQ-45 index.

4. Results and Discussion

4.1 Key Findings

The following table presents descriptive statistics for the LQ-45 index during the two periods being compared, namely 30 days before and 30 days after the announcement of the US import tariff policy.

Period	Minimum	Maximum	Average (Mean)	Standard Deviation (SD)
LQ-45 Before Announcement	7,102	80,406	67,325.20	20,508.77
LQ-45 After Announcement	7,067	81,654	73,329.57	13,127.03

From the table above, it can be seen that **the average value of the LQ-45 index** increased from **67,325.20** before the announcement to **73,329.57** after the import policy announcement. Although there was an increase in the average value, indicating a positive market reaction to the policy, this change was not statistically significant. Additionally, **the standard deviation** decreased from **20,508.77** to **13,127.03,** indicating that market volatility tended to decline after the policy announcement. This suggests that while the market responded to the policy, the response was relatively consolidated and more stable after the announcement.

Data Normality Test

To test the distribution of data before and after the policy announcement, a ***Kolmogorov-Smirnov*** test was conducted to test normality. The test results showed that the data was not normally distributed, which then triggered the use of ***the Wilcoxon Signed Rank Test*** as a more appropriate testing method for data that is not normally distributed.

Wilcoxon Signed Rank Test Results

The *Wilcoxon* test results **showed** that there were **22 cases (73.3%)** where the LQ-45 index value after the policy announcement was higher than before the announcement (positive rank). A total of **8 cases (26.7%)** showed that the index value after the announcement was lower (*negative rank*). There were no cases where the index value remained the same before and after the policy announcement.

Paired Sample t-test

A paired sample t-test was used to test for significant differences between two periods (before and after the announcement). The test results show ***a p-value of*** **0.208,** which is greater than 0.05, meaning that **the null hypothesis (H0)** cannot be rejected. This indicates that there is no significant difference between the LQ-45 index values before and after the announcement of the import tariff policy. Although there was a slight increase in the average value of the LQ-45 index, this change was not large enough to be considered statistically significant.

4.2 Interpretation of Results

Significance of Findings

The main finding of this study is that although there was a slight increase in the average value of the LQ-45 index after the announcement of the import tariff policy, the change was not significant enough to indicate that the policy had a major impact on stock price movements in Indonesia. Although volatility indicators (standard deviation) showed a decline after the announcement, indicating that the market became more stable, statistical tests showed that the US import tariff policy did not have a significant influence to cause significant differences between stock prices before and after the announcement.

Implications of Signal Theory

This **study** aligns with **the Signal Theory** proposed by Spence[1] (1973), which suggests that economic policies announced by major countries can signal to market participants about future economic prospects. In this context, the announcement of US import tariff policies should signal potential changes in the international trade environment. However, the results of this study indicate that although the policy can be considered a signal, the Indonesian market reaction was not strong enough to cause significant changes in LQ-45 stock prices. This may be due to other factors, such as **investor sentiment**, which is more dominant in determining the direction of stock price movements.

Consolidated Market Reaction

Although there was a positive reaction seen in the increase in the average value of the LQ-45 index, analysis shows that this change has been consolidated, with a decrease in market volatility after the policy announcement. This indicates that while the US import policy announcement may have influenced the Indonesian market, its impact was not significant enough to cause uncertainty or significant changes in stock prices. This market reaction suggests that investors may have anticipated the impact of the policy before the announcement, consistent with Fama's **Capital Market Efficiency** Theory ([2]), which states that stock prices should reflect all available information, including global economic policies.

Limitations and Areas for Further Research

Although this study provides insights into the impact of U.S. import tariff policies on the LQ-45 index, the findings also reveal several limitations. This study focuses solely on **the LQ-45 index**, which includes large and liquid companies listed on the IDX. Therefore, the study does not account for other stocks that may be affected by import policies but are not included in the LQ-45 index. Additionally, this study is limited to a single major economic event (the announcement of U.S. import tariff policies), so the results may not be applicable to other economic events or policies. Further research is recommended to expand the analysis by incorporating other variables, such as **market sentiment** or **investor psychological factors,** which may influence investment decisions and stock market movements in Indonesia.

5. Discussion

5.1 Comparison with Previous Research

The findings of this study indicate that although there was an increase in the average value of the LQ-45 index after the announcement of the US import tariff policy, the change was not statistically significant, and therefore cannot be considered a major impact. These results are consistent with MacKinlay's research[3] , which used the Event Study method to analyze market reactions to major events. In that study, it was also found that although markets often respond to policy announcements or important economic events, the resulting impact varies depending on the relevance of the event to domestic economic conditions. In other words, while U.S. import tariff policies have global impacts, their relevance to the Indonesian economy may not be as strong as their influence on advanced economies, which could explain why their impact on the Indonesian stock market, particularly the LQ-45 index, was not significant enough to cause notable changes. Signal Theory is also relevant for this analysis, which states that major economic policies announced can serve as signals to the market regarding future economic prospects. In this study, the announcement of US import tariff policies can be considered an important signal regarding the direction of global trade policy that could influence market perceptions of the global economy. However, in the context of the Indonesian stock market, although US import tariff policies can be considered a fundamental signal, the market reaction in Indonesia was not significant enough to be reflected in significant stock price movements. This leads to the conclusion that the Indonesian market may be more influenced by internal factors than by signals captured from foreign policy. These internal factors may include domestic economic conditions, Indonesian government policies, and Indonesian investors' perceptions of macroeconomic conditions, which carry greater weight in determining market reactions in Indonesia compared to the direct influence of U.S. import tariff policies.

Research by Baker and Wurgler[4] , which analyzes investor sentiment, provides important additional insights in this context. They show that investment decisions are often influenced by psychological factors, not just fundamental analysis. This is consistent with the view that market sentiment, which is often influenced by individuals' expectations and perceptions of economic information, can play a greater role in determining market movements, especially in emerging markets such as Indonesia. For example, while the announcement of U.S. import tariff policies may be considered a fundamental signal, the psychological impact generated by Indonesian investors' expectations regarding the policy was likely anticipated before the announcement was made. This resulted in a more consolidated and stable market reaction compared to the more extreme reactions that might have occurred in developed markets.

These findings are in line with previous studies showing that external factors, such as investor sentiment, can play an important role in stock market movements, especially in emerging markets such as Indonesia. Several psychological factors that influence investor sentiment in Indonesia, such as political uncertainty, exchange rate fluctuations, and domestic socioeconomic conditions, can cause investors to be more cautious and choose to hold off on their investment decisions. Indonesia's stable macroeconomic conditions, despite the impact of global import policies, may also play a role in creating a more conducive environment for domestic investment, thereby leading to lower market volatility following the announcement of import tariff policies.

In comparison, investor sentiment in emerging markets tends to be more influenced by psychological factors than by stronger fundamental data. This can be attributed to information constraints and higher uncertainty in emerging markets. On the other hand, developed markets, which are more mature and transparent, tend to respond to policy announcements with more direct and significant reactions, as investors have more complete information and more structured analysis.

Overall, the findings of this study reinforce that although US import tariff policies can be considered fundamental signals, the Indonesian market's reaction to these policies appears to be more influenced by psychological factors and investor expectations than by the information contained in the policies themselves. This suggests that the Indonesian market, which is an emerging market, may be more reactive to psychological factors than to fundamental factors or information coming from abroad. In line with previous studies, investor sentiment influenced by expectations, risk perceptions, and domestic economic conditions can play a very important role in the movement of the Indonesian stock market. Therefore, this study underscores the importance of incorporating psychological variables into stock market analysis in developing countries to provide a more comprehensive understanding of market dynamics.

5.2 Limitations

Although this study provides important insights into the impact of US import tariffs on the Indonesian stock market, several limitations should be noted:

1. **Focus on the LQ-45 Index**: This study focuses solely on the LQ-45 Index, which includes large-cap and liquid stocks listed on the Indonesia Stock Exchange (IDX). While the LQ-45 Index is a good representation of the Indonesian stock market, this study does not include smaller stocks or those not included in the index. Therefore, the results of this study may not be generalized to the entire Indonesian stock market.
2. **One Economic Event**: This study only analyzes the impact of one major economic event, namely the announcement of import tariffs by the United States on April 2, 2025. The results of this study may not apply to other economic policies or different global events, thus failing to accommodate variations in the impact of economic policies on the Indonesian stock market more broadly.
3. **Influence of External Factors**: This study assumes that the impact of US import tariff policies can be measured directly through stock price movements. However, the Indonesian stock market is also influenced by other external factors, such as domestic monetary policy, fiscal policy, and global stock market movements. These factors may affect the study results, thereby limiting the conclusions that can be drawn.
4. **Measurement of Investor Sentiment**: This study does not explicitly measure **investor sentiment**, which can influence market reactions. Market sentiment is often influenced by individuals' perceptions and expectations of global policies, which may be more dominant than reactions to existing fundamental data. Therefore, this study cannot fully measure the influence of investor sentiment on stock price movements.

5.3 Further Research

Given the existing limitations, several potential areas for further research can be considered:

1. **Application of Sample to Other Stocks**: Further research could expand the sample by including stocks not included in the LQ-45 index, including stocks from specific sectors that may be more affected by import policies. This would provide a more comprehensive picture of the impact of import policies on the Indonesian stock market as a whole.

2. **Use of Investor Sentiment Data**: Further research could attempt to measure **investor sentiment** using **investor surveys** or **data from social media** to see how sentiment toward US import policies changed before and after the policy announcement. This would provide deeper insights into the role of market sentiment in influencing stock price movements.
3. **Analysis of Other Economic Policies**: This study is limited to a single import policy event. Further research could explore the impact of other economic policies, such as **fiscal**, **monetary**, or **political policies,** on the Indonesian stock market. This would provide a broader understanding of how global economic policies can influence stock markets in developing countries.
4. **Comparative Study with Other Countries**: Further research could expand the analysis by comparing the Indonesian stock market's reaction to import policies with the reactions of stock markets in other emerging economies. This would provide a broader perspective on how international import policies influence stock markets in countries with different economic conditions.

By developing and expanding the scope of the research, it is hoped that a more holistic understanding of the dynamics of the Indonesian stock market in response to international economic policies can be obtained, as well as contributing to the understanding of how global economic policies affect stock markets in developing countries such as Indonesia.

6. Conclusion

This study aims to analyze the impact of the United States' import tariff policy announced on April 2, 2025, on stock price movements in the LQ-45 index on the Indonesia Stock Exchange (IDX). Using the **Event Study** method and **paired t-test** statistical tests as well as **the Wilcoxon Signed Rank Test,** this study examines whether the announcement of the policy caused a significant change in the LQ-45 stock price ( ). The issue addressed in this study is how international import policies, particularly from major countries like the United States, influence the Indonesian stock market. Given the importance of the LQ-45 index as a key indicator of the Indonesian stock market, this study focuses on analyzing stock prices before and after the announcement of the import policy.

The methodology used involves collecting secondary data on stock prices from the LQ-45 index for two periods: 30 days before and 30 days after the announcement of the import tariff policy. The analysis was conducted using event study techniques and statistical tests to identify significant differences between the two periods.

The main results indicate that although there was an average increase in the LQ-45 index value after the policy announcement, this change was not statistically significant. Additionally, there was a decrease in volatility, indicating that the market became more stable after the policy was announced. The paired t-test yielded a p-value greater than 0.05 ($p = 0.208$), indicating no significant difference between the index values before and after the import tariff policy announcement. This suggests that the policy's impact was not substantial enough to significantly influence stock prices.

The implications of these findings suggest that while U.S. import policies can be considered an important signal in the global economic context, Indonesia's market reaction to such policies is more influenced by psychological factors and investor expectations. The relatively efficient Indonesian market appears to have anticipated the policy's impact before the announcement was made, resulting in a more consolidated and stable reaction.

The contribution of this study is to provide deeper insights into how international import policies affect the stock markets of developing countries such as Indonesia. This study enriches the literature on **Signal** Theory, **Market Efficiency**, and **Investor Sentiment**, and provides a better understanding of the dynamics of the Indonesian stock market in the face of global economic events.

7. Recommendations

Based on the findings of this study, several recommendations can be made to broaden the understanding of the impact of global economic policies on the Indonesian stock market:

1. **Expansion of the Research Sample**
   This study only focuses on the LQ-45 index as a representation of the Indonesian stock market. Therefore, further research is recommended to expand the scope by including stocks not included in the LQ-45 index, including stocks from sectors that may be more affected by import policies, in order to provide a more comprehensive picture of the impact of import policies on the Indonesian stock market as a whole.
2. **Addition of Investor Sentiment Variables**
   This study does not explicitly measure investor sentiment that may influence market reactions to import policies. Therefore, further research is recommended to include investor sentiment variables, either through surveys or data from other sources such as social media or investment forums, to further evaluate how investor expectations and psychology influence stock price movements in the Indonesian market.
3. **Comparison with Other Countries**
   Further research could expand the analysis by comparing the impact of import policies on the Indonesian stock market with other emerging stock markets. This would provide a broader perspective on how international policies affect stock markets in countries with different economic and market characteristics.
4. **Analysis of Other Economic Policies**
   This study is limited to testing the impact of US import tariffs. Further research is recommended to explore the impact of other economic policies, such as fiscal or monetary policies, on the Indonesian stock market. By analyzing more types of policies, this study can provide a more holistic picture of how international and domestic policies influence the stock market.
5. **Longitudinal Studies to Measure Long-Term Impact**
   This study only observes market reactions over two relatively short time periods (30 days before and after the announcement). To understand the long-term impact of import policies, it is recommended to conduct **a longitudinal study** covering a longer time period, observing how stock price changes may persist after the policy announcement and over time.

The contribution of this research is to provide clearer insights into how international import policies can influence emerging stock markets, particularly in the context of the Indonesian stock market. This study opens opportunities for further research on the influence of global policies on the domestic economy, taking into account various factors that influence investment decisions and market reactions.

Appendix

Normality Tests

	Kolmogorov-Smirnov[a]			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
LQ_45-Before	.415	3	.000	.484	30	.000
LQ_45_After	.321	30	.000	.447	30	.000

Wilcoxon Signed Ranks Test

Ranks

		N	Mean Rank	Sum of Ranks
LQ_45_After - LQ_45_Before	Negative Ranks	8[a]	17.3	139.
	Positive Ranks	22[b]	14.82	326.00
	Ties	0[c]		
	Total	30		

a. LQ_45-After < LQ_45-Before

b. LQ_45-After > LQ_45-Before

c. LQ_45_After = LQ_45_Before

Paired Samples Statistics

		Mean	N	Std. Deviation	Std. Error Mean
Pair 1	LQ_45-Before	67325.2000	3	20,508.77336	3744.37260
	LQ_45-After	73329.5667	30	13127.03368	2396.65749

Paired Samples Correlations

		N	Correlation	Sig.
Pair 1	LQ_45-Before & LQ_45-After	30	-.112	.555

Paired Samples Test

		Paired Differences					t	df	Sig. (2-tailed)
		Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
					Lower	Upper			
Pair 1	LQ_45-before - LQ_45-after	-6004.36667	25561.94089	4666.9505	-15549.35226	3,540.6189	-1.287	29	.208

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