

# ANALYSIS OF CAPITAL MARKET REACTION ON COMPANIES AFFECTED BY THE BOYCOTT, DIVESTMENT, AND SANCTIONS (BDS) MOVEMENT

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## Abstract

*This study aims to determine the response of the Indonesian capital market to global events, particularly the BDS movement against Israeli-affiliated products. The research method used in this study is an event study, comparing stock index, stock prices, abnormal returns, and trading volume activity 10 days before and after the event. The sample was selected using a total sampling technique from 8 companies on the boycott list. The data used is secondary data published by the Indonesia Stock Exchange (IDX). The statistical test technique used is the Wilcoxon Signed Rank Test. The results of this study indicate that there are no differences in stock index, stock prices, abnormal returns, and trading volume activity due to the BDS movement.*

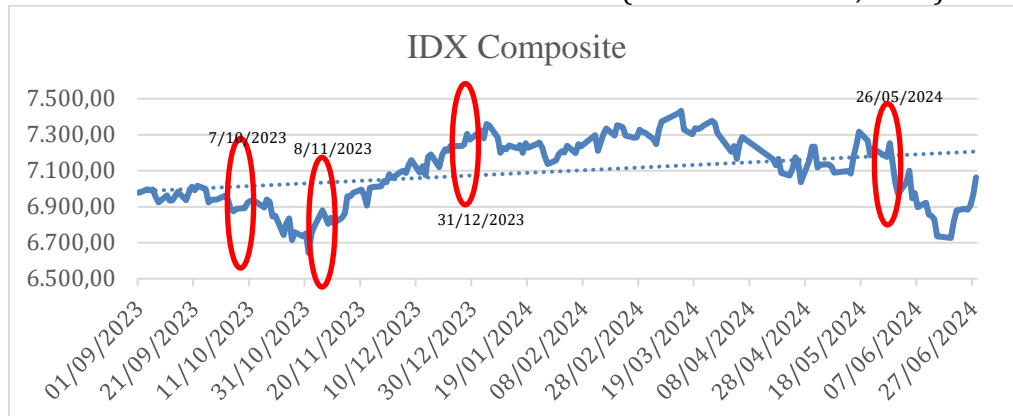
**Keywords:** BDS Movement; Event Study; Capital Market Reaction; Stock Index; Stock Price.

## INTRODUCTION

The capital market has a strategic role in the economy, both as a source of funding for companies and an investment platform for the public (Dewi Lubis et al., 2024). According to data from the Indonesian Central Securities Depository (KSEI), as of September 2023, the number of investors increased by 1.41 million or 13.76% compared to the previous year (KSEI, 2023). Furthermore, by August 2024, the number of investors had grown by an additional 1.28 million or 12.26%, bringing the total to 13.45 million, with 51.5% of them investing in stocks (KSEI, 2024). The rapid advancement of technology has played a pivotal role in increasing investor participation in Indonesia's capital market. Enhanced accessibility to market information through platforms such as IDX Mobile, online brokerage services, and the development of Investment Galleries has contributed to broader and more inclusive investment opportunities (IDX, 2024). Moreover, the influence of social media and emerging investment trends has further shaped public interest in capital market activities (Lestari & Ramadhani, 2024). Nevertheless, despite these technological conveniences, investors remain vulnerable to decision-making errors if they fail to critically assess the quality and reliability of available information.

Capital market performance is influenced by economic, social, and policy-related factors. Global events, particularly social movements, can trigger market reactions. One ongoing event since 2023 is the Boycott, Divestment, and Sanctions (BDS) movement against Israel, which advocates for the boycott of products affiliated with Israel. This movement has influenced investor perceptions and affected the stock performance of related companies. The Israeli-Palestinian conflict, rooted in the contested establishment of Israel under United Nations Resolution 181. The Israel – Hamas conflict in October 2023 triggered international backlash, with numerous countries severing diplomatic relations and advocating for a boycott of goods linked to Israel. In Indonesia, the Indonesian Council of Ulama (MUI) issued Fatwa No. 83 of 2023 as an official call for a boycott. The conflict escalated further in late December 2023 and May 2024, particularly with the attacks on Rafah, which ignited a wave of global solidarity through the widely circulated "All Eyes on Rafah" campaign. These developments intensified support for the BDS movement, placing increasing pressure on Israel-

affiliated companies and triggering various public responses. If this event contains information, the market will react when investors receive the information (Fadhilah & Yunita, 2021).



**Figure 1. IDX Composite 1 Sept 2023 – 30 June 2024**

(Source: investing.com)

The IDX Composite exhibited fluctuations with an overall upward trend during September 1, 2023, to June 30, 2024. The market showed varying responses to four key events. Following the Israel– Hamas conflict in October 2023, the IDX Composite recorded an average decline of 30.22 points. In contrast, a significant increase of 140.43 points was observed after the issuance of the Fatwa MUI in November 2023. Similarly, the event on December 31, 2023, was followed by a 54.54-point rise, whereas the attack on Rafah in May 2024 led to a decline of 128.31 points. These market dynamics indicate that global events can be perceived either positively or negatively, depending on investor sentiment and interpretation.

Apart from stock index, the market's response to event signals is also reflected in stock price movements, abnormal returns, and changes in trading volume activity (TVA). Stock prices are formed based on the dynamics of supply and demand in the market (Adnyana, 2020). In line with the Efficient Market Hypothesis, any new information entering the market can lead to the formation of a new price equilibrium. Abnormal return represents the excess return earned by investors beyond the average expected return in an efficient market environment (Hakim & Sudaryo, 2022). Meanwhile, Trading Volume Activity refers to the number of shares traded over a specific period, which reflects investor interest in a particular stock (Hendrayant et al., 2021). Changes in TVA following a specific event may indicate the perceived informational value of that event. A significant surge in trading volume suggests that the information is considered relevant by market participants and influences investment decisions on a broader scale.

Several studies used as references in this study show differences in the results, despite examining similar topics. Research by (Ahsyam et al., 2024; Rahmani, 2023) showed a significant difference in stock prices after the pro-Israel boycott. Meanwhile, research by (Matondang & Nasution, 2024; Novanti, 2023) found no significant difference in stock prices before and after the pro-Israel boycott. Furthermore, there is a significant difference in abnormal returns after the announcement of the Fatwa MUI (Muth'iyah et al., 2024; Pujiastuti, 2023). Meanwhile, (Fadzilah et al., 2024; Fitriaty et al., 2024) stated that there was no significant difference in abnormal returns after the announcement of the Fatwa MUI. Research by (Fadzilah et al., 2024) showed a significant difference in TVA before and after the announcement of the Fatwa MUI. Meanwhile, research by (Fitriaty et al., 2024; Muth'iyah et al., 2024; Pujiastuti, 2023) found no significant difference in TVA before and after event. (Kusnandar et al., 2023; Suryani et al., 2021) stated that there was a significant difference in the IDX Composite after the Covid-19 pandemic. Similarly, research conducted by (Sheren & Louw, 2023) examined a different event, the Russian-Ukrainian invasion.

Based on the background of the problem and the identified research gap, this study aims to analyze the capital market's reaction to companies affected by the Boycott, Divestment, and Sanctions (BDS) movement, whose shares are listed on the Indonesia Stock Exchange, in order to observe how the market responds to such events.

## LITERATURE REVIEW

### Signalling Theory

Signalling Theory, initially proposed by Spence (1973), explains how individuals or entities possessing superior information (in situations of information asymmetry) can transmit that information to less-informed parties through specific actions or signals intended to reduce uncertainty. This theory is related to information that functions as a signal for investors, where an event containing information can influence investment decisions in the capital market (Nida et al., 2020). Within the capital market context, signalling theory holds significant relevance, as investors frequently encounter uncertainty about a firm's underlying value or performance. By understanding how an event influences the market through the lens of signalling theory, investors can make more rational decisions and develop more optimal investment strategies in response to market dynamics.

### Capital Market

The capital market is a place for companies and other institutions to obtain funds and invest, and provides various facilities and infrastructure that support related transaction activities (Pontoh et al., 2023). The main actors in the capital market are issuers and investors. The capital market offers a variety of investment instruments tailored to each investor's risk profile and financial goals. Through these instruments, companies can raise funds for expansion, while investors can allocate funds to generate profits.

### Stock Index

Stock Index is indicator that reflects the price movements of a selected group of stocks, and functions to show the performance of the stock market over a certain period of time. There are various stock index used as market benchmarks, one of which is the IDX Composite, which encompasses all stocks listed on the IDX. The Composite reflects perceptions of the economy at a given point in time (IDX, 2023). An increase in this index indicates investor optimism regarding the economic outlook, while a decrease may reflect uncertainty or negative sentiment in the market. Stock index are divided into 4 classifications, namely Headline Index, Sector Index, Thematic Index, and Factor Index (IDX, 2021). There is daily index data that can be accessed by the public through the official website [idx.co.id](http://idx.co.id).

### Abnormal Return

Stock return is one of the key indicators for evaluating investment performance in the capital market, reflecting the level of profit or loss earned by investors. In event study research, abnormal return is commonly used to measure the market's response to specific information or events. Abnormal return is the excess of the actual return obtained by investors compared to the average rate of return expected under efficient market conditions. Abnormal returns occur when many investors quickly capture and utilize market information, resulting in higher than normal returns (Zahra et al., 2023). Abnormal return can be calculated in three ways, Mean Adjusted Model, Market Model, and Market Adjusted Model (Hakim & Sudaryo, 2022). This research will use the Market Adjusted Model.

$$RTN_{i,t} = R_{i,t} - E[R_{i,t}]$$

Note:

$RTN_{i,t}$  = Abnormal Return of stock-i on day-t

$R_{i,t}$  = Actual Return of stock-i on day-t

$E[R_{i,t}]$  = Expected return of stock-i on day-t

### Trading Volume Activity

Trading Volume Activity (TVA) is the number of shares traded in a certain period, which reflects the level of investor interest in making transactions (Hendrayant et al., 2021). TVA is an instrument used by investors to assess stock liquidity (Bentellu & Sitohang, 2021). TVA is an indicator used to analyze and assess the capital market's response to an event. Certain events or information can trigger stock price movements in the capital market, which ultimately impacts the supply and demand levels of shares (Suganda, 2018). Fluctuations in TVA after a particular event may serve as an indicator of the perceived significance of the information by market participants. Pujiastuti (2023) stated that TVA can be calculated using the following formula:

$$TVA_{i,t} = \frac{\text{Total Volume of Shares Traded}}{\text{Total Shares Outstanding}}$$

$$\bar{TVA}_t = \frac{\sum TVA_t}{n}$$

### Hypothesis Development

#### The Event's Impact on Stock Index

Based on signaling theory, an event can be a positive or negative signal. IDX Composite showed significant differences before and after the COVID-19 (Kusnandar et al., 2023; Suryani et al., 2021). The Russian – Ukraina invasion also showed a significant difference to the IDX Composite after the event (Sheren & Louw, 2023). In addition, the weakening of the IDX Composite and other stock index was also evident following Israel's military attack on Iran (CNN Indonesia, 2024a).

H<sub>1</sub>: There is a significant difference in the Stock Index before and after the Boycott, Divestment, and Sanctions (BDS) Movement.

#### The Event's Impact on Stock Price

Stock prices move according to the forces of supply and demand in the market. When investor demand increases, stock prices tend to rise. Whereas, when a large number of investors engage in selling activity, stock prices are likely to decline. There was a significant difference in the share prices of the energy sector after the Russian-Ukrainian invasion (Widoretno & Fitriyah, 2024). The same thing also happened to pro-Israel stock prices after the Israeli boycott action (Ahsyam et al., 2024).

H<sub>2</sub>: There is a significant difference in the Stock price before and after the Boycott, Divestment, and Sanctions (BDS) Movement.

#### The Event's Impact on Abnormal Return

According to signaling theory, publicly announced information can provide investors with signals regarding a company's prospects. In an efficient market, investors quickly respond to valuable information, leading to stock price changes. If the signal is significant enough, the stock price will deviate from normal expectations and resulting abnormal returns (Dewi & Vijaya, 2018). There was a significant difference in AR after the determination of Covid-19 as a global pandemic, thus becoming a negative signal for investors which resulted in a significant decline in banking stock prices (Wicaksono & Adyaksana, 2020). The Fatwa MUI no. 83 also made a significant difference to the AR on shares of boycotted companies (Pujiastuti, 2023), as well as for stocks in non-cyclical sectors (Muth'iyah et al., 2024).

H<sub>3</sub>: There is a significant difference in the Abnormal Return before and after the Boycott, Divestment, and Sanctions (BDS) Movement.

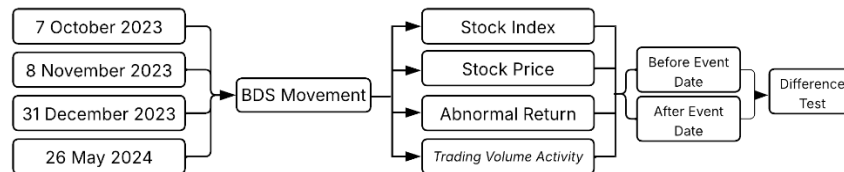
#### The Event's Impact on Trading Volume Activity

An event can influence trading volume activity (TVA) due to the demand and supply arising from investor actions in the capital market based on available information. Events perceived to have a significant impact on the economy or financial market stability may trigger an increase in TVA, driven by heightened buying or selling activity as investors attempt to anticipate risks or seize profit

opportunities. There were significant differences to the TVA after the Russian – Ukraine invasion (Muaya et al., 2023). The Covid-19 also caused significant differences in TVA (Wicaksono & Adyaksana, 2020). In addition, the boycott movement also caused significant differences in TVA (Fadzilah et al., 2024).

H<sub>4</sub>: There is a significant difference in the trading volume activity before and after the Boycott, Divestment, and Sanctions (BDS) Movement.

Based on the hypothesis formulation above, the theoretical framework in this study is as follows:



**Figure 2. Theoretical Framework**  
(Source: *processed by researchers, 2025*)

## METHODS OF RESEARCH

This research uses a quantitative method with secondary data taken from the IDX official website and investing.com website. The population is the target companies of Boycott, Divestment, and Sanctions listed on the Indonesia Stock Exchange (IDX). The sampling method uses the Total Sampling Technique, so that 8 company shares are obtained as follows:

**Tabel 1. Company Stock List**

No	Stock	Companies Name	Sector
1.	ADES	PT Akasha Wira International Tbk.	IDXNONCYC
2.	ERAA	PT Erajaya Swasembada	IDXCYCLIC
3.	FAST	PT Fast Food Indonesia Tbk.	IDXCYCLIC
4.	MAPI	PT Mitra Adiperkasa Tbk.	IDXCYCLIC
5.	MAPB	PT Map Boga Adiperkasa Tbk.	IDXCYCLIC
6.	MTDL	PT Metrodata Electronics	IDXTECHNO
7.	PZZA	PT Sarimelati Kencana Tbk.	IDXCYCLIC
8.	UNVR	PT Unilever Indonesia Tbk.	IDXNONCYC

(Source: *processed by researchers, 2025*)

Data analysis techniques are divided into three stages, that is descriptive statistics, normality test, and hypothesis test. The normality test in this study will be conducted using the Shapiro-Wilk test. Meanwhile, hypothesis test will be conducted using the Paired sample t-test if the data is normally distributed and the Wilcoxon test if the data is not normally distributed. This study uses the event study method with 4 key events (t-0).

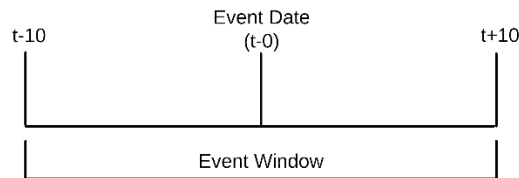
**Tabel 2. Event Date (t-0)**

Event Date (t-0)	Event Name
7 October 2023	Israel – Hamas Conflict
8 November 2023	Announcement Fatwa MUI no. 83 of 2023
31 December 2023	Israeli Attack on Gaza
26 May 2024	Israeli Attack on Rafah

(Source: *processed by researchers, 2025*)



The research period was conducted for 20 trading days, 10 days before (t-10) and 10 days after (t+10) the date of each event.



**Figure 3. Event Window**

(Source: *processed by researchers, 2025*)

## RESULT AND DISCUSSION

### Descriptive Statistics

**Tabel 3 Descriptive Statistics of Stock Index**

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Dev.
Index Before BDS	16	698,48	7216,38	3144,70	2697,02
Index After BDS	16	700,50	7270,92	3151,86	2702,63
Valid N (listwise)	16				

(Source: *Output SPSS 25, 2025*)

Based on the descriptive analysis results, it can be observed that the average stock index before the BDS movement was 3,144.7, while the average after the boycott movement increased to 3,151.86. This indicates a rise in the average stock index following the BDS movement, which was triggered by the Israel – Palestine conflict. When examined by each event, during the first event, the IDX Composite, IDXNONCYC, and IDXTECHNO decreased, while IDXCYCLIC increased. Following the issuance of the Fatwa MUI, the IDX Composite and IDXTECHNO increased, while IDXNONCYC and IDXCYCLIC declined. After the Israeli attack on Gaza, the IDX Composite and IDXCYCLIC increased, while IDXNONCYC and IDXTECHNO decreased. Lastly, following the Israeli attack on Rafah, the IDX Composite, IDXCYCLIC, and IDXTECHNO decreased, while IDXNONCYC increased.

**Tabel 4. Descriptive Statistics of Stock Price**

Descriptive Statistics					
	N	Min	Max	Mean	Std. Dev.
Stock Price before BDS	40	2236,38	2662,00	2411,37	125,42
Stock Price after BDS	40	2241,38	2586,13	2376,41	113,87
Valid N (listwise)	40				

(Source: *Output SPSS 25, 2025*)

Based on the descriptive analysis results, the average stock price before the BDS movement was 2,411.37, while the average stock price after the BDS movement decreased to 2,376.41. These figures indicate a decline in the average stock price following the BDS movement. When examined by each specific event, the average stock price increased after the Israel – Hamas conflict. However, following the issuance of the MUI fatwa, the average stock price decreased. Subsequently, after Israel's attack on Gaza, the average stock price increased again, and a similar increase was observed after the Israeli attack on Rafah.

**Tabel 5. Descriptive Statistics of Abnormal Return**

Descriptive Statistics					
	N	Min	Max	Mean	Std. Dev.
AAR before BDS	32	-0,02778	0,02083	-0,00127	0,00924

AAR after BDS	32	-0,01413	0,01113	-0,00012	0,00489
Valid N (listwise)	32				

(Source: *Output SPSS 25, 2025*)

Based on the descriptive analysis, the average abnormal return (AAR) before the BDS movement was -0.00127 and after the BDS, the average AAR increased slightly to -0.00012. These results indicate that the fluctuation of AAR tended to be lower after the BDS event, with a slight shift in the average toward a more positive direction, although it remained in the negative zone. This could indicate that the BDS movement could be a bad signal because the actual return is smaller than the expected return.

**Tabel 6. Descriptive Statistics of Trading Volume Activity**

	Descriptive Statistics				
	N	Min	Max	Mean	Std. Dev.
TVA before BDS	32	0,0000006	0,0045384	0,000729290	0,00114
TVA after BDS	32	0,0000015	0,0022977	0,000555142	0,00072
Valid N (listwise)	32				

(Source: *Output SPSS 25, 2025*)

Based on the results of descriptive statistics, the average trading volume activity (TVA) before the BDS movement was 0.000729. Meanwhile, after the BDS movement, the average TVA decreased to 0.000555. These results suggest that overall market trading activity, as reflected by TVA, tended to decrease after the BDS Movement, indicating a reduction in investor response intensity or market participation in the affected stocks.

**Normality Test****Tabel 7. Normality Test**

	Tests of Normality		
	Shapiro-Wilk		
	Statistic	df	Sig.
Index before BDS	0,786	16	0,002
Index after BDS	0,785	16	0,002
Stock Price before BDS	0,924	40	0,010
Stock Price after BDS	0,884	40	0,001
AAR before BDS	0,899	32	0,006
AAR after BDS	0,978	32	0,748
TVA before BDS	0,680	32	0,000
TVA after BDS	0,769	32	0,000

(Source: *Output SPSS 25, 2025*)

The normality test in this study used the Shapiro-Wilk test with the help of SPSS 25 software. Data are considered normally distributed if the significance value (Sig.) is > 0.05, and data are considered abnormal if the significance value is < 0.05. From the test results, only one data point was found to be normal, so the hypothesis test will be conducted using the Wilcoxon test.

**Hypotesis Test****Tabel 8. Hypotesis Test**

	Index aft BDS - Index bfr BDS	SP aft BDS - SP bfr BDS	AAR aft BDS - AAR bfr BDS	ATVA aft BDS - ATVA bfr BDS
Z	-.569 <sup>b</sup>	-.181 <sup>b</sup>	-.430 <sup>b</sup>	-1.010 <sup>b</sup>

Asymp. Sig. (2-tailed)	0,569	0,856	0,667	0,313
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(Source: *Output SPSS 25, 2025*)

The basis for making decisions based on the Wilcoxon test results is that if the Asymp. Sig. (2-tailed) value is  $\leq 0.05$ , then  $H_0$  is rejected and  $H_a$  is accepted, so it is stated that there is a significant difference. From the results of the Wilcoxon test above, it shows that there is **no significant difference in the stock index, stock price, abnormal return, and trading volume activity between before and after the BDS movement.**

#### **The Event's Impact on Stock Index**

Based on the results of the Wilcoxon test on the four average events representing the BDS Movement, it was stated that there was no significant difference in the stock index between before and after the BDS Movement. This may be due to the nature of stock index which represent the whole market and are not limited to sectors or stocks directly impacted by the BDS Movement. In relation to signalling theory, these findings indicate that the signals given are not strong enough to influence investor expectations as reflected in the index.

In the first event, the Israel – Hamas conflict, the Composite and IDXCYCLIC showed no significant difference before and after the event. The Composite showed a negative change of -0.44%, meanwhile IDXCYCLIC showed a positive change of 0.29%. IDXNONCYC and IDXTECHNO showed a significant difference before and after the event. Both indexes experienced a negative average change, with IDXNONCYC at -1.92% and IDXTECHNO at -3.93%. This aligns with an article by (Adventy, 2023), which stated that the majority of sectors closed lower, including non-cyclical and technology sectors.

Furthermore, there is the Fatwa MUI No. 83 of 2023, where the Composite, IDXCYCLIC, and IDXTECHNO showed significant differences between before and after the event. The Composite showed a positive change of 2.07%, IDXTECHNO at 8.07%, while IDXCYCLIC showed a negative change of -2.38%. Furthermore, the IDXNONCYC test results showed no significant difference between before and after the event. Where the average change was negative was -0.88%.

The third event was the Israeli attack on Gaza on New Year's Eve 2024. In this event, test results showed a significant difference between the Composite and IDXCYCLIC before and after the event. The Composite showed a positive change of 0.76%, IDXCYCLIC at 4.71%. Furthermore, the test results for IDXNONCYC and IDXTECHNO showed no significant difference between before and after the event. Both indexes experienced a negative average change, with IDXNONCYC at -0.33% and IDXTECHNO at -0.81%. This strengthening was influenced by a stable inflation rate, so that domestic investors appeared to be more focused on domestic economic factors rather than the issue of attacks in the Middle East.

Last, there was the Israeli attack on Rafah, where the test results from the Composite and IDXCYCLIC showed a significant difference between before and after the incident. The JCI showed a negative change of -1.79%, as did IDXCYCLIC at -2.69%. Furthermore, the test results from IDXNONCYC and IDXTECHNO showed no significant difference between before and after the incident. IDXNONCYC showed 0.29%, meanwhile IDXTECHNO showed -0.43%.

#### **The Event's Impact on Stock Price**

Based on the results of the Wilcoxon test on the four average events representing the BDS Movement, it was found that there was no significant difference in stock prices before and after the BDS Movement. This finding indicates that the BDS Movement was not strong enough to impact the market as a whole, although under certain conditions it could elicit a momentary reaction from investors.

In the first event, the Israel – Hamas conflict, the test results showed that there was no significant difference in stock prices between before and after the event. This can happen because investors have not yet seen the direct impact of the conflict on domestic economic and market



conditions. Given that this research only focuses on stocks affected by the boycott, in situations like this, investors tend to pay attention to sectors that are considered more stable or that benefit, such as the energy sector.

Furthermore, there is the Fatwa MUI No. 83 of 2023. The results of the test showed a significant difference in stock prices before and after the event. This was due to the high public attention to the fatwa, which directly targeted boycotts of several global brands. When the Fatwa was announced and became a media highlight, it sparked investor concerns about the threat of a global boycott that would disrupt the revenues of companies targeted by the BDS movement (Ahsyam et al., 2024).

The third event was the Israeli attack on Gaza on New Year's Eve 2024. The test results show a significant difference between the average stock prices before and after the event. However, the average stock price increased by 1.74% after the event, concluding that although the market responded significantly to this event, the change was positive.

Last, the results of the difference test before and after the Israeli attack on Rafah showed no difference in average stock prices, with an increase in the average stock price. Looking at the changes in stock prices of the sample companies, the highest average decrease in stock prices was for FAST, while the highest increase was for UNVR. This is supported by the statement that FAST is facing internal pressure in the form of the closure of one hundred outlets in Malaysia (CNN Indonesia, 2024). Meanwhile, the strengthening of UNVR's share price is inseparable from the company's success in restoring market confidence following the pressure of the boycott issue (CNBC Indonesia, 2024).

### **The Event's Impact on Abnormal Return**

Based on the results of the Wilcoxon test on the four average events representing the BDS Movement, it was found that there was no significant difference in abnormal returns between before and after the BDS Movement, with a tendency for abnormal returns to be in a negative position. This result is in line with research by (Fadzilah et al., 2024; Fitriaty et al., 2024; Pujiastuti, 2023). In the context of signaling theory, even though some events provide negative signals, the market does not perceive them as strong enough information to significantly change investment decisions. Furthermore, the AAR remaining positive on several occasions may be due to some of the boycotted stocks in the sample still showing good financial performance and business prospects, thus maintaining investor confidence.

In the first event, the Israel – Hamas conflict, the results of the data analysis show that after the event, the situation is heading towards a negative position. This value indicates that the conflict between Israel and Hamas is a negative signal for investors, but it is not significant in influencing the stock market reaction, especially the stock of boycotted companies. This finding aligns with the research of (Yudaruddin et al., 2024) which states that the negative reactions in the consumer goods, financial, and healthcare sectors reflect investor concerns about increased risks that could impact demand stability and company operations in those sectors.

Furthermore, there is the Fatwa MUI No. 83 of 2023, showed that the AAR during the windows period was on the negative side. Similar to the first event, the negative AAR before and after the event indicates that the announcement of Fatwa MUI No. 83 of 2023 was a negative signal for investors, but did not significantly impact the capital market reaction. This finding aligns with research by (Pujiastuti, 2023), who also analyzed boycotted companies over the same period and found no significant difference, with AAR in the negative range.

The third event was the Israeli attack on Gaza on New Year's Eve 2024. During this period, the average AR showed a positive position, although the difference was not significant. This means that the market did not react strongly to the occurrence of the event. This positive AAR result is due to the minimal exposure of this event on social media compared to previous events, thus not triggering a negative response in the market. Moreover, the year-end period and the run-up to

election years generally encourage increased public consumption, thus supporting the rise in consumer goods stock prices.

Last, the data after the Israeli attack on Rafah showed AAR in positive position. The insignificant AR difference reflects the market's lack of a strong negative response to the event. This indicates that market pressure on these stocks was relatively small compared to expectations, or compared to the general market movement. This indicates that investors still have confidence in the prospects of some stocks of companies affected by the boycott, which are considered sufficiently cheap and attractive to repurchase.

### **The Event's Impact on Trading Volume Activity**

The findings of this research is there was no significant difference before and after the event. These results align with the abnormal return figures, which also showed no significant difference before and after the BDS Movement. The average TVA decreased after the BDS Movement. This reflects low trading activity in these stocks, which could indicate a lack of investor interest or uncertainty about the stock's prospects. This result is in line with research by (Fitriaty et al., 2024; Muth'ya et al., 2024; Pujiastuti, 2023).

In the first event, the Israel-Hamas conflict, data shows a decline in the average TVA after the event, accompanied by a trend towards a negative average AR. This suggests that the majority of investors are adopting a wait-and-see approach to these stocks. During this period, FAST show the largest changes, accompanied by a decreased in stock price. This response reflects investor concerns about the stock's prospects. Since the Fatwa MUI announcement, the average TVA also show a decrease, accompanied by a decrease in atock prices and a negative AAR. This low TVA also indicates a wait-and-see attitude towards some of these stocks. The largest average TVA decline during this period was also for FAST.

During the Israeli attack on Gaza on New Year's Eve, the average TVA continued to decrease. During this period, FAST continued to show a significant increase in their average TVA after the incident compared to previous periods, with a decrease average share price. This indicates investor panic over the stock. Finally, the average TVA increased after the Israeli attack on Rafah. During this period, the highest average TVA was for PZZA, accompanied by a declining average share price. This indicates investor concern about the stock due to calls for a boycott of the product and financial reports showing losses through Q1 2024.

### **CONCLUSION**

Based on the analysis and hypothesis test, it can be concluded that there was no significant difference in capital market reaction before and after the BDS movement. This is reflected in stock index, share prices, abnormal returns, and trading volume activity of companies on the boycott list during the 10-day period before and 10-day period after the event.

The implication of this research is that investors are required to be more sensitive and selective regarding events that can directly or indirectly affect the capital market. Furthermore, affected companies can make decisions if similar events occur in the future to survive and improve their reputation. Regulators can also make decisions that avoid misleading the public with product boycotts.

This study has several limitations that may affect the results. One of them is that it focuses only on affiliated stocks. Furthermore, the abnormal return calculation uses only the Market Adjusted Model method. Therefore, for future research on the same event, it is recommended to use a sample of unaffiliated companies that were affected. Furthermore, other methods can be used to calculate abnormal returns.

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