

COVID 19 Outbreak and Stock Market Return: Evidence from Indonesia

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Abstract: *Return is one of the main motivations for investing, the higher the expected return investors will receive, the more they will attract investors. This study analyzes and empirically proves the effect of the COVID 19 outbreak on the Indonesian stock exchange. This study uses daily data from the Covid-19 case, data on the capitalization of the Indonesian stock exchange during the outbreak from March 2 to July 15, 2020, with various Indonesian government policies that began lockdown, regional quarantine and new normal. Panel data regression is used to analyze and empirically prove the impact of Covid 19 on stock returns. The results showed that the daily growth of total confirmed positive cases, the total death cases of Covid 19 had a negative impact on stock returns in the Indonesian stock exchange even though the growth rate of patients who recovered was quite high. In addition, government policies in the form of lockdown of quarantine areas and new normal are not able to strengthen the Jakarta Composite Indeks (JCI), this is because the policy is not able to suppress the number of positive confirmations, but continues to increase. This research contributes to the government making a policy to reduce the number of confirmed cases to be able to strengthen the JCI, and investors can see aspects other than the expected return currently received.*

Keywords: *Stock Market Return, COVID 19, Indonesia Stock Exchange, Government Policy.*