

A Comparative Study of Food & Beverage Company Stock Prices Before and After the Victory of Prabowo-Gibran

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Abstract. This study aims to analyze the difference in stock prices of companies in the Food & Beverage (F&B) sector on the Indonesia Stock Exchange (IDX) before and after the victory of the Prabowo Subianto and Gibran Rakabuming Raka pair in the 2024 Election. The main focus of this study is on companies related to food and dairy products, in line with the Prabowo-Gibran policy which promises to provide free lunches and milk in schools, Islamic boarding schools, and nutritional assistance for toddlers and pregnant women. This policy is expected to increase demand for healthy food and dairy products, which can have an impact on the performance of companies in this sector. The study uses monthly stock price data from several companies that are closely related to the policy, such as PT. Indofood CBP Sukses Makmur Tbk (ICBP), PT. Ultrajaya Milk Industry Tbk (ULTJ), PT. Garudafood Putra Putri Jaya Tbk (GOOD), PT. Indofood Sukses Makmur Tbk (INDF), and PT. Tiga Pilar Sejahtera Food Tbk (AISA). These companies are related to the production of healthy food, milk, and processed products that can support the free lunch policy program and improve nutrition. The data was taken for a period of 5 months before and 5 months after the announcement. The results show that the difference in stock prices of food and beverage companies before and after Prabowo-Gibran's victory, different companies are affected differently by political developments. Significant increases and decreases in stock prices were observed for PT. Ultrajaya Milk Industry Tbk (ULTJ), PT. Garudafood Putra Putri Jaya Tbk (GOOD), and PT. Tiga Pilar Sejahtera Food Tbk (AISA), indicating that the market reaction to Prabowo-Gibran's victory had a greater impact on these three companies. However, no difference was seen between PT. Indofood CBP Sukses Makmur Tbk (ICBP) and PT. Indofood Sukses Makmur Tbk (INDF), indicating that the market may perceive these two businesses as more stable and less vulnerable to short-term political changes.

Keywords: Difference Test, Stock Price, Food & Beverage Company, Prabowo-Gibran Victory.

1. Introduction

For the Indonesian economy, the food and beverage (F&B) sector is very important. In addition to making a significant contribution to Indonesia's GDP, this industry also contributes to the welfare of the community and creates many jobs. The F&B sector in Indonesia has grown rapidly in recent years due to a combination of factors such as changing lifestyles, increasing purchasing power, and various government initiatives to encourage healthier eating habits and the use of nutrient-dense foods (3). After winning the 2024 general election, the Prabowo Subianto and Gibran Rakabuming Raka pair have piloted a number of important programs, including free milk and food in schools, Islamic boarding schools, and nutritional support for pregnant women and children (11). By increasing access to healthy food and milk that can improve physical and intellectual development, this program seeks to improve

the nutritional status of the community, especially for children and pregnant women (7). In addition, this program also aims to reduce stunting rates in Indonesia, which is one of the public health problems that the government pays the most attention to. The free milk and lunch program in Indonesia is expected to boost demand for nutritious food and dairy products (12). This can have a positive impact on the financial performance and stock prices of companies in the food and beverage (F&B) industry, especially those that provide nutritious food and milk. Understanding the impact of this policy on the stock prices of F&B companies listed on the Indonesia Stock Exchange (IDX) is very important.

The stock prices of companies in the capital market are often influenced by various external factors, including government policies that can affect the company's business prospects. As an indicator of a company's economic performance, the stock price reflects market expectations regarding the company's future (5). Government policies that can encourage the growth of certain industries, such as policies that support increased consumption of food and dairy products, are likely to influence investors' decisions to buy or sell shares in the company in question (6). Therefore, an analysis of the difference in stock prices of F&B companies before and after the Prabowo-Gibran victory can provide a clear picture of the impact of these policies on the F&B sector in Indonesia.

One of the occasions that has a significant impact on a nation's economy is elections. For instance, it will affect a nation's stock market (17, 18, 19). Researchers and investors find it fascinating to talk about the connection between elections and stock market volatility. The Indonesia Stock Exchange's stock return volatility can be impacted by political events like presidential elections (20). Here, volatility refers to the amount that stock prices and stock price indexes fluctuate over a given time (21). Political events can also have an impact on Indonesia's capital market. For example, the Composite Stock Price Indexes (JCI) capital market response to the 2009, 2014, and 2019 elections (22). According to the results of the 2020 population census, Indonesia is a democratic nation with one of the largest populations in the world, at 270,203,917. Thus, this offers a fascinating backdrop for examining how the Indonesian stock market is affected by the election process. Indonesian stock prices may fluctuate because of the uncertainty and the impact of elections on investor sentiment (23). Thus, it is crucial to investigate the connection between Indonesian stock price volatility and elections. With a significant effect on earnings and cash flows, stock price volatility is a crucial factor in financial market pricing, investment, and capital budgeting decisions (24). Furthermore, according to a study by (25) stock market volatility plays a significant part in asset appraisal, hedging tactics, and the creation of models for portfolio optimization. As a result, inaccurate stock market volatility projections can lead to financial market mispricing, excessive or insufficient investment, and poor capital allocation choices.

In summary, several industries, including consumers, construction, and infrastructure, will be impacted by elections. Indonesia's 2024 simultaneous elections will have a big effect on the capital market, primarily as seen by the Jakarta Composite Index (JCI). On Tuesday, November 14, 2023, for instance, the JCI increased by 0.35 percent to reach the green zone, closing at 6,862.05 (26). The 2024 presidential election's presidential and vice-presidential candidates were announced on that day. This demonstrates how government policies and action may have a direct or indirect impact on the stock market.

Specifically, this policy of free lunch and milk campaign is anticipated to have an impact on a number of companies listed on the IDX that have a direct relationship with the production of nutritious food and milk (2), including PT. Indofood CBP Sukses Makmur Tbk (ICBP), PT. Ultrajaya Milk Industry Tbk (ULTJ), PT. Garudafood Putra Putri Jaya Tbk (GOOD), PT. Indofood Sukses Makmur Tbk (INDF), and PT. Tiga Pilar Sejahtera Food Tbk (AISA). These companies produce milk, other processed goods, and nutrient-dense foods that are relevant to government policies. Thus, a comparison of the stock values of these companies before and after Prabowo-Gibran's victory will explain how legislative changes can affect the capital market, especially in the food and beverage industry. The purpose of this study is to determine whether the stock prices of food and beverage companies listed on the IDX before and after Prabowo-Gibran's victory in the 2024 election fluctuated significantly. Monthly stock price data of the selected companies for five months before and after the announcement of victory will be used in this study. This study aims to use statistical analysis to provide a clear picture

of how free lunch and milk policies have affected the stock market performance of Indonesian F&B companies.

The government's free lunch program, which was launched by the elected duo of Prabowo and Gibran, may also be regarded as an economic policy uncertainty because it raises questions about how it would be implemented and its effects on the economy, which makes investors and companies uneasy (14). Because of its possible impact on a range of economic activities, economic policy uncertainty (EPU) has become one of the most hotly contested issues among academics, decision-makers, and financial analysts in recent years (12). Current research examines how economic policy uncertainty affects exchange rate variations, real housing returns, unemployment, and stock market volatility (19), (9), (6), (1), and (36). Previous research has shown that an increase in EPU causes stock market volatility to rise and stock returns to fall (3), (16). EPU received a lot of attention in the financial literature following the 2008 global financial crisis. The growing body of research demonstrates how crucial EPU indexes are for predicting stock market volatility. For example, a study by (35) uses the DCC-GARCH model to examine the relationship between the EPU index and returns of the Chinese stock markets in Shanghai and Shenzhen. The empirical findings show that returns and economic policies are positively correlated. Furthermore, using the NARDL model, (34) investigates the short- and long-term effects of various uncertainty on China's macroeconomy. They discovered that whereas EPU had a long-term impact on inflation in China's macroeconomy, the stock market volatility index (VIX) had a strong short-term impact on inflation.

The impact of government policies, particularly the free lunch and milk programs implemented by the Prabowo-Gibran duo following their election victory in 2024, on the stock prices of food and beverage (F&B) companies listed on the Indonesia Stock Exchange (IDX) is examined in this study in an original manner. The study provides important insights into how such policies can affect market performance by concentrating on the political event and its direct impact on businesses that provide wholesome food and dairy products. The study provides a clear statistical picture of market reactions by comparing stock prices before and after the announcement using a paired sample t-test. Additionally, the study focuses on F&B enterprises including PT. Ultrajaya, PT. Garudafood, and PT. Tiga Pilar Sejahtera, which are more impacted by political changes, making it especially pertinent for investors and industry players (2). This method, which combines industry-specific financial data with political event analysis, offers fresh perspectives on how government policy and stock market performance interact, especially in developing nations like Indonesia.

The original examination of how government policies, particularly the free lunch and milk programs implemented following the 2024 election, affect the stock prices of food and beverage companies listed on the Indonesia Stock Exchange (IDX) is what makes this paper so noteworthy. This study offers a fresh perspective on how political developments and market performance interact, especially when considering Indonesia's food and beverage industry. The study provides important insights into how external political issues can impact investor behavior and firm values by comparing the stock price swings before and after the Prabowo-Gibran triumph (5). The accuracy of the results is increased when stock price movements over a given time period are examined using a paired sample t-test. The study also advances our knowledge of how public health initiatives, including encouraging healthier diets and lowering stunting, can directly affect the bottom line of businesses that manufacture wholesome food and dairy products. Firms and investors in the F&B industry will benefit from this research since it emphasizes how important it is for firms to be flexible in response to political shifts and the possible financial effects of government initiatives.

2. Methods

2.1 Samples

The research used secondary data obtained from the Indonesia Stock Exchange (IDX) website. The population in this study consists of all businesses engaged in the food and beverage industry listed on the Indonesia Stock Exchange (IDX) and related to the free lunch policy and promoting better nutrition

effectively. On the other hand, companies like PT. Indofood CBP and PT. Indofood Sukses Makmur, which demonstrate stability, can leverage their resilience to maintain their market position. However, they should remain vigilant regarding potential legal and regulatory changes that could impact the broader market. It is essential for investors to evaluate the implications of political events on specific industries and monitor key factors that may directly influence stock prices. Understanding these dynamics can provide valuable insights for making informed investment decisions in politically sensitive markets.

This study has several limitations that need to be considered in analysing the results. The relatively short observation period, namely only five months before and after the Prabowo-Gibran victory, limits the ability to capture the long-term impact of the proposed policy on the food and beverage sector. In addition, the sample coverage which only includes five companies in this sector may be less representative in describing the overall dynamics of the industry or other sectors that may also be affected by changes in government policy. The focus of the research which is only on share price fluctuations is also a limitation. Another limitation lies in the lack of control over external factors that can influence stock price movements during the observation period. Factors such as global economic conditions may influence research results. Furthermore, this research assumes that changes in share prices are solely caused by government policies proposed by the Prabowo-Gibran couple. This assumption has not been tested in depth to ensure that the market reaction is actually directly related to the policy, without the influence of other factors that may be relevant.

Therefore, future research could consider several developments to expand the scope and validity of the results. One important step is to extend the observation period to capture the long-term impacts of newly implemented policies, including implementation effects that may take time. Additionally, involving more companies from different related sectors, such as agriculture, logistics or retail, could provide greater insight into the overall impact of policies on the economy. Improvements in analytical methods are also an important concern. Future research may include the use of additional financial indicators, such as ROA, ROE, or earnings growth, to obtain a more comprehensive assessment of performance.

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