# The Effects of Political Unrest (2025 Demonstrations) on the Volatility of the Jakarta Composite Index (JCI) and the Rupiah Exchange Rate

## (Empirical Study on Banking Companies at the Indonesia Stock Exchange)

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**ABSTRACT**

This study aims to analyze the impact of political turmoil in the form of large demonstrations in 2025 on the volatility of the Indonesian financial market, as proxied by the Jakarta Composite Index (JCI) and the Rupiah exchange rate against the US dollar. Political turmoil is seen as a source of uncertainty that can affect investor sentiment, trigger capital outflows, and increase market risk. This study uses a quantitative approach with the event study method to examine the abnormal return of the JCI around the demonstration event period, the ARCH/GARCH model to analyze changes in JCI volatility and the Rupiah exchange rate, and multiple linear regression analysis to examine the influence of macroeconomic variables and investor sentiment on market volatility. The data used are secondary data in the form of the daily closing price of the JCI and the Rupiah exchange rate against the USD obtained from the Indonesia Stock Exchange and Bank Indonesia with an observation period covering an estimation window of 250 days before the event, an event window (-5 to +5 days), and a period of six months before and three months after the demonstration in August–September 2025.

**Keywords: Political Turmoil, 2025 Demonstration, IHSG, Rupiah Exchange Rate, Event Study, GARCH.**

# EFEK GEJOLAK POLITIK (DEMO 2025) TERHADAP VOLATILITAS IHSG DAN NILAI TUKAR RUPIAH

## ( Study Empiris Pada Perusahaan Perbankan BEI)

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## ABSTRAK

Penelitian ini bertujuan untuk menganalisis dampak gejolak politik berupa demonstrasi besar tahun 2025 terhadap volatilitas pasar keuangan Indonesia yang diproksikan melalui Indeks Harga Saham Gabungan (IHSG) dan nilai tukar Rupiah terhadap dolar Amerika Serikat. Gejolak politik dipandang sebagai sumber ketidakpastian yang dapat memengaruhi sentimen investor, memicu arus keluar modal, serta meningkatkan risiko pasar. Penelitian ini menggunakan pendekatan kuantitatif dengan metode *event study* untuk menguji abnormal return IHSG di sekitar periode peristiwa demonstrasi, model ARCH/GARCH untuk menganalisis perubahan volatilitas IHSG dan nilai tukar Rupiah, serta analisis regresi linear berganda untuk menguji pengaruh variabel makroekonomi dan sentimen investor terhadap volatilitas pasar. Data yang digunakan merupakan data sekunder berupa harga penutupan harian IHSG dan kurs Rupiah terhadap USD yang diperoleh dari Bursa Efek Indonesia dan Bank Indonesia dengan periode pengamatan meliputi *estimation window* selama 250 hari sebelum peristiwa, *event window* (−5 sampai +5 hari), serta periode enam bulan sebelum dan tiga bulan setelah demonstrasi pada Agustus–September 2025.

***Kata Kunci: Gejolak Politik, Demonstrasi 2025, IHSG, Nilai Tukar Rupiah, Event Study, GARCH***.