

# **MARKET RACTION TOWARD DEAULT NOTICE OF ISLAMIC BONDS IN INDONESIA**

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## **Abstract**

Capital market is one of the important elements and measures of economic progress of a nation. One of the characteristics of industrialized countries is the presence of capital markets which grow and develop properly and effectively. The presence of asymmetric information makes investors rely on the signals provided by the company, one of them is a phenomenon about the default notice of Islamic bonds. The defaults notice of Islamic bonds occurs in several companies in Indonesia. The purpose of this study is to analyze the Indonesian capital market reaction to the default notice of Islamic bonds by a change in the abnormal return and trading volume activity. The population used in this study are all go public companies that issue their Islamic bonds and listed on Indonesia Stock Exchange (IDX). Sample is taken by purposive sampling method. There are 6 issuers to be the sample of the study. Based on the results of statistical analysis and the data analysis, the study concludes that there is an abnormal return but not significant on the default notice of Islamic bonds, and there is no significant difference before and after the default notice of Islamic bonds. Moreover, the analysis also concludes that there is a significant change in trading volume activity over the default notice, and there are significant differences on trading volume activity before and after the default notice of Islamic bond.

## **Keywords:**

Default Notice, Islamic bonds, Abnormal return, Trading volume activity.