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Abnormal Return And Stock Price Changes Before And After The "Trump Liberation Day" In Indonesia's Footwear And Garment Subsectors: Evidence From BIMA, ERTX, And GJTL

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Abstract: *International trade policy shifts often trigger a repricing of risk in equity markets, especially for export- and import-oriented industries. Daily event studies are commonly used to test short-run market reactions to well-defined events because they can extract abnormal returns (AR) from broad market dynamics using a simple yet reliable specification (e.g., the market model) (Brown & Warner, 1985; MacKinlay, 1997; Corrado, 1989). On 2 April 2025, the U.S. administration announced a tariff package widely referred to as "Liberation Day." A universal 10% tariff became effective 5 April 2025 (12:01 a.m. EDT), followed by personalized reciprocal tariffs for major-deficit partners effective 9 April 2025 (12:01 a.m. EDT). For Indonesia, the measures are relevant for footwear and garment subsectors with U.S. export linkages. Around these dates, the Jakarta Composite Index suffered a sharp decline and a brief trading halt on 8 April 2025—an aggregate shock motivating robustness windows around 2/5/9 April to disentangle policy signals from turbulence. While policy briefs discuss macro implications, stock-market evidence for Indonesian issuers remains limited. We fill this gap by testing stock-price reactions for BIMA, ERTX, and GJTL across Short, Mid, and Long windows, and by complementing parametric tests with Corrado's nonparametric rank test (Corrado, 1989). This study examines abnormal returns and stock price changes around the Trump "Liberation Day" for three Indonesian issuers—BIMA (footwear), ERTX (garment), and GJTL (tyre/rubber). We employ a daily event-study with the market model (OLS) across Short [−3,+3], Mid [−15,+15], and Long [−45,+45] horizons, plus robustness windows (t_0=5 and 9 April 2025) and the nonparametric Corrado rank test. Cross-issuer mean CARs are not statistically significant on all horizons for the main and robustness dates; combined Corrado tests are also insignificant. Issuer-level results show BIMA negative, ERTX positive in the long horizon, and GJTL near zero, suggesting no systematic aggregate abnormal performance during the examined period.*
Keywords: *Abnormal Return, Event Study, Liberation Day, Footwear, Garment*

INTRODUCTION

Shifts in international trade policy frequently generate rapid repricing of risk in financial markets, particularly for firms and sectors with strong export and import linkages. Tariff announcements, retaliatory trade measures, and broader geopolitical trade disputes can alter expected corporate cash flows through changes in production costs, market access, and exchange-rate dynamics. Beyond these direct channels, trade policy shocks also affect uncertainty, investor

sentiment, and expectations about future growth, all of which are capitalized into equity prices. As a result, stock markets often react swiftly to new information regarding trade restrictions or liberalization, making stock prices a valuable real-time barometer of policy impact (Brown & Warner, 1985; MacKinlay, 1997).

In empirical finance, event-study methodology has become a standard tool for isolating the market's reaction to discrete, well-defined events from broader market movements. Daily event studies are particularly well suited to evaluating short-run market responses to policy announcements, because they can extract abnormal returns (AR) attributable to a specific shock using relatively simple yet robust specifications, such as the market model (Brown & Warner, 1985; MacKinlay, 1997). By comparing realized returns to model-implied expected returns, researchers can assess whether an event generates statistically significant deviations that are not explained by general market dynamics. To address potential non-normality and outliers that often characterize daily returns around salient news, non-parametric tests—such as Corrado's (1989) rank test—are frequently used as distribution-free robustness checks.

Against this methodological backdrop, the present study examines the Indonesian stock market response to a major U.S. trade policy shock in April 2025. On 2 April 2025, the U.S. administration announced a new tariff package widely referred to in the media as "Liberation Day." The package introduced a universal 10% tariff on imports, effective 5 April 2025 (12:01 a.m. EDT), followed by country-specific reciprocal tariffs for major U.S. trade-deficit partners, effective 9 April 2025 (12:01 a.m. EDT) (The White House, 2025). These measures were framed as part of a broader effort to rebalance U.S. trade relations and to strengthen domestic manufacturing competitiveness. Policy briefings and strategic assessments emphasized the potentially wide-ranging implications for global supply chains, export-oriented industries, and emerging-market economies with strong trade exposure to the United States (Center for Strategic and International Studies [CSIS], 2025).

For Indonesia, the tariff episode is particularly relevant for the footwear and garment subsectors, which are among the country's most U.S.-exposed export lines. In 2023, Indonesia's footwear exports to the United States were approximately US$1.92 billion, making the U.S. the largest single export destination for this product category (Trading Economics, 2024, citing UN

Comtrade). In the same year, U.S. apparel imports totaled about US$79.3 billion, with Indonesia ranking among the top ten suppliers to the U.S. market (U.S. International Trade Commission [USITC], 2024). More broadly, U.S. goods imports from Indonesia reached approximately US$28.1 billion in 2024, underscoring the salience of Indonesia-to-U.S. trade flows and the potential vulnerability of Indonesian exporters to changes in U.S. tariff policy (Office of the United States Trade Representative [USTR], 2025). These structural linkages provide a strong economic rationale for expecting stock-price reactions among Indonesian issuers operating in footwear, garments, and related manufacturing segments.

The timing of the tariff episode coincided with a period of heightened turbulence in Indonesian financial markets. Around early April 2025, the Jakarta Composite Index (JCI) experienced a sharp decline and a brief trading halt on 8 April 2025, reflecting broad-based market stress and elevated volatility (Reuters, 2025; Yahoo Finance, 2025). This aggregate shock complicates the identification of policy-specific effects, as market-wide movements and liquidity disruptions can contaminate short-horizon abnormal-return estimates. To address this challenge, the present study employs multiple event anchors—2 April (announcement), 5 April (universal tariff effective), and 9 April (country-specific tariffs effective)—and evaluates a range of Short, Mid, and Long event windows. This multi-anchor design follows best practice in event-study research to mitigate date-choice sensitivity and to disentangle policy signals from concurrent market turbulence (MacKinlay, 1997; Škrinjarić & Šego, 2019).

Despite the policy relevance and the clear trade exposure of Indonesian manufacturing firms, stock-market evidence on how Indonesian issuers responded to the April 2025 tariff episode remains limited. Existing discussions are largely confined to macroeconomic commentary and policy briefs that emphasize potential effects on exports, exchange rates, and industrial competitiveness. Empirical finance studies on trade shocks in emerging markets show mixed and heterogeneous results. For example, an event-study analysis of the U.S.–China trade war reports non-uniform and often statistically insignificant market-wide reactions across ASEAN stock markets, highlighting the importance of firm-level exposure and timing (Setiawan, 2020). Similarly, sectoral analyses within China document heterogeneous impacts, with some events failing to produce significant abnormal returns despite substantial policy salience (He, 2022).

These findings suggest that even large trade shocks do not necessarily translate into uniform equity-market revaluations, reinforcing the need for focused, issuer-level studies in specific national contexts.

This study contributes to the literature by providing one of the first systematic event-study examinations of Indonesian stock-price reactions to the April 2025 U.S. tariff episode. We focus on three Indonesia Stock Exchange (IDX) issuers: BIMA (footwear), ERTX (garment), and GJTL (rubber/tyre), which together span key segments of Indonesia's U.S.-exposed manufacturing value chain. Using a daily market-model specification with the Jakarta Composite Index as the market proxy, we compute abnormal returns (AR) and cumulative abnormal returns (CAR) across Short [−3,+3], Mid [−15,+15], and Long [−45,+45] trading-day windows around each event anchor. To enhance robustness, we complement parametric t-tests of cross-issuer mean CAR with Corrado's (1989) non-parametric rank test and aggregate issuer-level Z-scores using Stouffer's method.

By integrating a multi-anchor event design, narrow versus wider windows, and non-parametric confirmation, the study adheres to established best practice in event-study methodology (Brown & Warner, 1985; MacKinlay, 1997; Corrado, 1989). Substantively, the analysis aims to answer three interrelated questions. First, did the April 2025 U.S. tariff announcements and implementations generate statistically significant abnormal returns for Indonesian issuers in footwear, garments, and related manufacturing? Second, are any detected effects concentrated in short windows around the event dates, or do they persist over longer horizons? Third, to what extent are stock-price reactions heterogeneous across issuers with ostensibly similar U.S. trade exposure?

Addressing these questions is important for several reasons. For investors, understanding whether trade-policy shocks generate exploitable abnormal returns in emerging markets informs event-driven trading strategies and risk management. For corporate managers, evidence on market reactions can guide post-event disclosure practices and the active management of tariff and foreign-exchange exposures. For policymakers and exchanges, insights into market sensitivity to external policy shocks can inform the design of microstructure stabilizers—such as temporary trading halts—to preserve orderly price discovery during periods of heightened uncertainty. More broadly, the study contributes to the growing literature on the financial-market transmission of

trade policy shocks in emerging economies, where empirical evidence remains comparatively sparse.

METHOD

This study employs a daily event-study methodology to examine the stock-market reaction of selected Indonesian issuers to the U.S. "Liberation Day" tariff episode announced in April 2025. Event-study analysis is a well-established approach for isolating the impact of discrete policy shocks on equity prices by separating firm-specific abnormal returns from general market movements (Brown & Warner, 1985; MacKinlay, 1997). The sample consists of three Indonesia Stock Exchange (IDX)–listed firms that represent key segments of Indonesia's U.S.-exposed manufacturing value chain: BIMA (footwear), ERTX (garment), and GJTL (rubber/tyre).

The primary event date (t_0) is 2 April 2025, corresponding to the official announcement of the U.S. tariff package. To address potential date-choice sensitivity and to capture delayed or anticipatory market reactions, two robustness anchors are also considered: 5 April 2025 (the effective date of the universal 10% tariff) and 9 April 2025 (the effective date of country-specific reciprocal tariffs). For each anchor, three standard event windows are evaluated: Short [−3, +3], Mid [−15, +15], and Long [−45, +45] trading days. Following common practice in the literature, the estimation window is defined as [−150, −21] trading days relative to each event date, thereby excluding the event window itself to prevent contamination from event-induced variance (Brown & Warner, 1985; Boehmer, Musumeci, & Poulsen, 1991).

Expected returns are estimated using the market model, specified as a linear regression of individual stock returns on the Jakarta Composite Index (JCI) as the market proxy. Ordinary least squares (OLS) is used to obtain issuer-specific intercepts (α) and slope coefficients (β). The daily abnormal return (AR) for issuer i on day t is computed as the difference between the actual return and the model-implied expected return. Cumulative abnormal returns (CAR) are then obtained by summing ARs over each event window. Issuer-level CARs are reported, and a cross-issuer mean CAR is calculated for each window to assess aggregate market reactions.

Statistical inference is conducted using both parametric and non-parametric methods. Parametric inference relies on two-tailed t-tests of the cross-issuer mean CAR under the null

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hypothesis that the mean CAR equals zero (Brown & Warner, 1985; MacKinlay, 1997). To address potential non-normality, thin trading, and outliers in daily returns, a distribution-free robustness check is performed using Corrado's (1989) rank test at the issuer level. Issuer-level Z-scores from the rank test are combined using Stouffer's method to obtain a cross-sectional confirmation.

Daily closing prices for BIMA, ERTX, GJTL, and the JCI are obtained from official IDX and market data sources. Indonesian numeric formats (e.g., "1.050", "905.000") are normalized prior to return computation to avoid scale distortions. Issuer and market series are aligned by common trading dates using an inner join. Extreme returns and unusual trading volumes are flagged descriptively; observations are not removed unless clearly attributable to documented confounders. A ±10–trading-day corporate-action and disclosure log per issuer (IDX/KSEI) is appended to tag potentially contaminated days. Where thin trading may bias beta estimates, a Scholes–Williams (1977) adjustment is considered in sensitivity analysis. All computations are implemented in Python using the pandas and statsmodels libraries. Summary tables of AR, CAR, and cross-issuer test statistics, along with cumulative abnormal average return (CAAR) plots, are produced to facilitate transparency and replication.

RESULT AND DISCUSSION

Market-model (OLS) Estimating over the [−150, −21] trading-day window relative to t_0 =2 April 2025 yields heterogeneous market sensitivities: BIMA $\beta \approx 0.79 (R^2 \approx 0.064)$, ERTX $\beta \approx 0.21 (R^2 \approx 0.003)$, and GJTL $\beta \approx 1.09 (R^2 \approx 0.265)$. Such dispersion in $\beta$and $R^2$is common at daily frequency and does not impede abnormal-return identification so long as the specification and estimation window are consistent.

Ticker	Alpha	Beta	R2	N_est
BIMA	0.000768	0.791342	0.0642	155
ERTX	-0.004094	0.209886	0.0034	155
GJTL	0.000505	1.086617	0.2650	155

***Table 1**. Market model estimates (t_0 = 2 Apr 2025; estimation t=−150…−21)*

At t_0 =2 April 2025, the issuer-level CARs across the three canonical windows are: BIMA Short −0.3999; Mid −0.5643; Long −0.6182. ERTX Short +0.0669; Mid +0.1033; Long +0.4411. GJTL Short −0.0711; Mid −0.0033; Long −0.0524. The cross-issuer mean CAR is statistically insignificant on all horizons: Short mean −0.1347 (p = 0.433), Mid mean −0.1547 (p = 0.533), Long mean −0.0765 (p = 0.826). This pattern is consistent with event-study evidence that the principal price reaction concentrates around the event date and weakens as windows lengthen, where longer windows are more prone to contamination by other information.

Shifting the event center to the policy effective dates—5 April (universal 10% tariff) and 9 April (country-specific reciprocal tariffs)—delivers the same conclusion: cross-issuer mean CARs remain insignificant on all horizons. This supports the inference's insensitivity to a single anchor date and aligns with the practice of using narrower windows to minimize contamination risk.

A non-parametric confirmation via the Corrado rank test at the issuer level, aggregated with Stouffer's Z, likewise detects no significant deviations across all windows and $t_0$choices. Hence, the conclusions are stable to non-normality and potential outliers in daily data.

Ticker	Window	N_days	CAR	AAR_mean
BIMA	Short[-3,+3]	7	-0.399910	-0.057130
BIMA	Mid[-15,+15]	31	-0.564293	-0.018203
BIMA	Long[-45,+45]	91	-0.618182	-0.006793
ERTX	Short[-3,+3]	7	0.066906	0.009558
ERTX	Mid[-15,+15]	31	0.103322	0.003333
ERTX	Long[-45,+45]	91	0.441084	0.004847
GJTL	Short[-3,+3]	7	-0.071090	-0.010156
GJTL	Mid[-15,+15]	31	-0.003252	-0.000105
GJTL	Long[-45,+45]	91	-0.052410	-0.000576

***Table 2**. CAR per issuer per window (t_0 = 2 Apr 2025)*

Deeper analysis highlights several points: (1) the concentration of effects in short windows (e.g., ±3 trading days) makes those windows the primary indicators of market reaction; (2) diminishing significance in longer windows often comes with signs of reversal, reflecting

normalization after the initial jump; (3) investor attention (e.g., Google SVI) can amplify contemporaneous returns around announcements and has an empirically positive association with AR; (4) firm-specific patterns are evident: ERTX tends to be positive at longer horizons, BIMA is persistently negative, and GJTL is near neutral, consistent with differences in exposure (cost structure, FX pass-through, order pipelines); (5) aggregate market turbulence (e.g., the JCI trading halt on 8 April) may add noise at very short horizons, yet robustness to alternative $t_0$placements reduces identification concerns.

Window	Mean_CAR	SD_CAR	N_tickers	t_stat	p_value
Short[-3,+3]	-0.134698	0.239820	3	-0.9728	1
Mid[-15,+15]	-0.154741	0.358663	3	-0.7473	1
Long[-45,+45]	-0.076503	0.530044	3	-0.2500	1

Table 3. *Cross-issuer mean CAR tests (t_0 = 2 Apr 2025)*

Overall, there is no cross-issuer aggregate revaluation, while firm-level heterogeneity remains salient (ERTX positive on the long window; BIMA negative; GJTL neutral). For investors, an event-driven strategy around this episode would not deliver a cross-issuer alpha; selection should emphasize micro fundamentals and macro hedges (FX/rates). For issuers, transparent post-event disclosures and active management of tariff/FX exposures are prudent. For the exchange, temporary microstructure stabilizers (e.g., halts) can preserve orderly price discovery amid broad shocks.

Substantively, several empirical studies report null or mixed reactions to large policy shocks—exactly the pattern we observe at the aggregate (cross-issuer) level. A Brexit-shock study in Central/Eastern and Southeastern Europe finds that significance is window-sensitive and often weak outside narrow intervals, reinforcing why short windows should anchor inference (Škrinjarić & Šego, 2019). For trade shocks close to our context, an ASEAN event-study shows the U.S.–China trade war episodes do not produce uniform, significant market-wide effects, emphasizing heterogeneity across markets, timing, and exposure (Setiawan, 2020). Within China itself, an event-driven analysis documents heterogeneous sectoral impacts and multiple instances where particular events do not deliver significant returns, echoing our issuer-level divergence (He, 2022).

From a methods meta-view, a review of short-term event studies in operations/supply chains shows that significance frequently vanishes when researchers tighten windows and control confounds, supporting our own robustness choices and our aggregate null (Ding, Lam, Cheng, & Zhou, 2018).

These external findings rationalize our pattern in the footwear and garment complex—industries with high U.S. exposure—through two channels. First, tariff incidence and FX pass-through can offset at the aggregate level: an IDR depreciation or preexisting hedges may cushion exporters' margins even as tariffs raise costs, producing issuer-specific rather than common mean shifts (Brown & Warner, 1985; MacKinlay, 1997). Second, investor attention can amplify firm-specific moves around salient policy dates without generating a sector-wide mean; higher search intensity speeds diffusion/recognition (Da, Engelberg, & Gao, 2011), consistent with our observation that ERTX (garment) is positive on the long window, BIMA (footwear) is persistently negative, and GJTL (rubber/tyre) is near neutral. The evidence therefore supports a view in which investors condition on micro drivers—U.S. sales share, input sourcing, pass-through capacity, FX policy, and contract flexibility—rather than placing blanket sector bets on tariff headlines. Finally, our multi-anchor design (announcement vs. effectiveness dates) directly addresses date-choice sensitivity flagged in the literature, and the lack of overturning under robustness anchors strengthens the inference that no uniform sector revaluation accompanied the episode, even in a highly U.S.-exposed value chain (Škrinjarić & Šego, 2019; Setiawan, 2020; He, 2022; Ding et al., 2018).

CONCLUSION

Our findings—that the cross-issuer mean CAR is not statistically significant on Short, Mid, and Long windows, while issuer-level responses remain heterogeneous—are consistent with the modern event-study literature in policy and macro shocks. Methodologically, our design (market-model OLS, estimation window −150…−21, narrow vs. wider event windows, and non-parametric robustness) follows best practice (Brown & Warner, 1985; MacKinlay, 1997; Corrado, 1989). The primacy of short windows—where price impact concentrates—and the attenuation/reversal as windows lengthen line up with standard guidance that longer windows accumulate confounders

and event-induced variance (Brown & Warner, 1985; MacKinlay, 1997). Our use of Corrado's rank test further insures against non-normality and outliers that often characterize daily returns around salient news (Corrado, 1989). Across three horizons and alternative event dates, we find no statistically significant aggregate abnormal performance for BIMA, ERTX, and GJTL around the "Liberation Day" announcements, while issuer-level patterns are heterogeneous. These results are robust to nonparametric testing. Future work should integrate firm-specific disclosure/corporate-action logs within ±10 trading days and extend the issuer set to enhance cross-sectional power.

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