

The Impact of the Palestine–Israel Conflict on Product Boycotts: A Comparative Analysis of Israeli-Affiliated Products Vs Indonesian Local Non-Affiliated Products from an Investor Behavior and Financial Performance Perspective

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ABSTRACT

This study aims to analyze the differences in investor behavior and financial performance and their impact on Israeli-affiliated companies and local non-affiliated Israeli companies due to the Israeli Palestinian conflict. The research data was taken at the beginning of the conflict, one month after the beginning of the conflict, the issuance of the statement of haram to buy products supporting Israel from MUI (Indonesian Ulama Council), the start of the ceasefire, and the end of the ceasefire. The event window used in this study is 11 days, namely 5 days before the event announcement, 1 day on the event occurs or begins, and 5 days after the event announcement. The results of this study indicate that in event studies 1, 4 and 5 show no significant difference in the average abnormal return, while the average trading volume shows a significant difference before and after the event. Event study 2 shows no significant difference in either the abnormal return or the trading volume before and after the event. While the test results on event study 3 show that there is a significant difference in both abnormal returns and trading volume before and after the event.

Keywords: Abnormal return, trading volume, event study, Israel–Palestine conflict, boycott, investor

BACKGROUND

The long-standing conflict between Israel and Palestine reignited following the violent escalation on October 7, 2023. Although a ceasefire was declared on January 23, 2025, casualties continued to rise. As of January 27, more than 47,306 Palestinians (Detik.com, 2025), mostly women and children, had lost their lives, while Israel reported over 15,000 military casualties (Tribunnews.com, 2025).

This humanitarian crisis sparked global condemnation and initiated a wave of product boycotts targeting Israeli-affiliated brands, influenced by the Boycott, Divestment, and Sanctions (BDS) movement. Several multinational brands operating in Indonesia were identified in this list, including HP, Puma, AXA, CAT, Volvo, Chevron, Domino's Pizza, McDonald's, Burger King, and Pizza Hut (Kumparan.com, 2023).

The boycott gained further traction after the Indonesian Ulema Council (MUI) issued Fatwa No. 83 of 2023 on November 10, declaring it haram for Muslims to support or purchase products affiliated with Israel or Zionism (Kumparan.com, 2023). The fatwa had immediate financial implications; PT Sarimelati Kencana Tbk (Pizza Hut licensee) reported a significant drop in sales, and PT Unilever Indonesia Tbk experienced notable share price volatility in the weeks that followed (Yahoo Finance, 2023).



Figure 1. Share Price Fluctuation of PT Unilever Indonesia Tbk During October-December 2023

Source : Finance.yahoo.com (2023)

Stock performance data from October to December 2023 showed that boycotted companies faced fluctuating investor sentiment, with Unilever shares falling to Rp 3,400 before recovering slightly (Yahoo Finance, 2023). Similarly, the Jakarta Composite Index (IHSG) displayed volatile movements during this period, reflecting investor reactions to geopolitical tensions and related events.

These market responses may be evaluated using abnormal return, which represents the difference between actual and expected returns (Jogiyanto, 2017). Studies such as Mahendra & Rasmini (2019) observed significant AAR changes pre- and post-event, whereas others like Oktaviana & Wahyuni (2011) found no such difference. Investor behavior, influenced by both rational and emotional factors (Baker & Ricciardi, 2014), plays a critical role in interpreting boycott-related events.

According to Suganda (2018), investors seek timely and relevant information to guide their buy/sell decisions, particularly when firm profitability is at stake (Ainulyaqin et al., 2019). The boycott campaign, supported by the BDS movement, affected public perception and trading activities of brands perceived as pro-Israel. For instance, Unilever's global stock price declined significantly following boycott calls, before partially rebounding in early November 2023.

Empirical evidence supports the link between geopolitical events and trading volume activity. Satria & Supatmi (2013) and Chairunesia et al. (2024) both reported significant differences in trading volume before and after key events. Conversely, Feranita (2014) found no significant volume change in her study.

Problem formulation

The problem formulations in this study are:

1. Is there a significant difference in Abnormal returns on Israeli-affiliated products and local non-affiliated Israeli products before and after the beginning of the Palestinian-Israeli conflict?
2. Is there a significant difference in Trading Volume Activity on Israeli affiliated products and local non-affiliated Israeli products before and after the beginning of the Palestinian-Israeli conflict?
3. Is there a significant difference in Abnormal return on Israeli affiliated products and local non-affiliated Israeli products before and after one month since the beginning of the Palestinian-Israeli conflict?
4. Is there a significant difference in Trading Volume Activity on Israeli affiliated products and local non-affiliated Israeli products before and after one month since the beginning of the Palestinian-Israeli conflict?

5. Is there a significant difference in Abnormal Return on Israeli-affiliated products and local non-affiliated Israeli products before and after the issuance of the MUI fatwa forbidding buying products affiliated with Israel?
6. Is there a significant difference in Trading Volume Activity on Israeli-affiliated products and local non-affiliated Israeli products before and after the issuance of the MUI fatwa forbidding buying products affiliated with Israel?
7. Is there a significant difference in Abnormal return on Israeli affiliated products and local non-affiliated Israeli products before and after the start of the ceasefire?
8. Is there a significant difference in Trading Volume Activity on Israeli-affiliated products and local non-affiliated products before and after the ceasefire?
9. Is there a significant difference in Abnormal return on Israeli affiliated products and local non-affiliated Israeli products before and after the end of the ceasefire?
10. Is there a significant Trading Volume Activity difference in Israeli affiliated products and local non-affiliated Israeli products before and after the end of the ceasefire?

Grand Theory

Signaling theory, originally conceptualized by Spence in 1973, describes the communication process between two primary stakeholders: corporate management and investors. In this framework, management functions as the signal provider, while investors act as the recipients and interpreters of such signals. These signals typically consist of information regarding the firm's future prospects, which investors utilize to inform their decision-making. The market subsequently reacts to these signals, interpreting them either as positive or negative indicators. Favorable signals—such as earnings announcements, revenue growth, or dividend declarations—are generally associated with an upward adjustment in stock prices. In contrast, unfavorable signals, including financial losses, rising debt levels, or declining sales, are likely to result in downward pressure on stock valuations.

The Palestinian–Israeli conflict has adversely affected companies perceived to be affiliated with Israel, particularly through widespread boycott campaigns. These actions often lead to financial losses, which are perceived as negative signals by investors and may trigger adverse market reactions, including declines in stock prices.

Event Study

According to Peterson (1989), event study is a widely used method in financial research to assess whether specific events lead to abnormal returns—defined as the difference between actual and expected returns in the capital market. In this study, the event study approach is applied to examine abnormal return and trading volume activity surrounding five key events: the outbreak of the Palestinian–Israeli conflict, one month after the outbreak, the issuance of the MUI fatwa prohibiting the purchase of Israeli-affiliated goods, the start of the ceasefire, and the end of the ceasefire.

Abnormal Return

Abnormal return refers to the difference between the actual return observed in the capital market and the return expected by investors. It often arises in response to specific events such as national holidays, political shocks, or corporate actions like IPOs and stock splits. Jogiyanto (2017: 667) defines abnormal return as the excess return earned beyond what is normally expected, representing investor reactions to new or unexpected information.

Trading Volume Activity

Trading Volume Activity (TVA) serves as an indicator of investor response to market events by measuring the intensity of stock trading. It reflects whether investors perceive a particular event—such as the Palestinian–Israeli conflict—as a positive or negative signal in their decision-making. TVA is typically calculated as the ratio of traded shares to the total outstanding shares.

The Scope Of Research

This study employs an event study method to measure market reactions to a series of events related to the Palestine–Israel conflict. Five key events were identified:

1. The outbreak of conflict (7 October 2023)
2. One month after the outbreak
3. Issuance of a fatwa by the Indonesian Ulema Council (MUI) banning the purchase of Israeli-affiliated products (10 November 2023)
4. The beginning of a ceasefire (19 January 2025)
5. The end of the ceasefire (2 March 2025)

The study focuses on the calculation of average abnormal returns (AAR) and average trading volume (ATV) over an 11-day event window ($t-5$ to $t+5$). Data were collected from selected public companies listed on the Indonesia Stock Exchange (IDX) that were either affiliated with Israeli products or classified as local non-affiliated alternatives.

Population and Sample

The population in this study uses a list of local company brands that support Israel's attacks on Palestine based on releases from the BDS (Boycott, Divestment and Sanctions) movement against Israel which is part of the Palestinian BDS National Committee (BNC) and local non-affiliated Israeli companies.

Sampling was carried out using the saturated sampling method which is a non-probability sampling technique. According to Sugiyono (2019: 133) [14] the saturated sampling method is a method of determining the sample, where all members of the population are used as samples.

The sample in this study amounted to 3 products suspected of being affiliated with Israel (ADES Mineral Water, KFC and Unilever) and 3 local non-affiliated products (CLEO mineral water, CFC and KINO). All samples are publicly listed companies that can be accessed to stock price data, up to the number of shares traded.

The data collection method in this study was carried out in several ways as follows:

1. Documentation, namely data collection available on the object of research, in this case in the form of company financial report documents listed on the Indonesia Stock Exchange which are downloaded from the sites <http://www.idx.co.id/> and <https://id.investing.com/>.
2. Literature study, namely from the literature related to the problems in writing this research. By collecting data that has to do with the object of discussion, which can be obtained through studying, reviewing, researching, and reviewing books, journals, and articles.

Variable Operationalization

The operationalization of each variable is presented in the following table:

Table 1. Variable Operationalization and Variable Measurement

Variabel	Indikator
AbnormalReturn	<p>CAR = ΣAR_{it}^*</p> <p>*AR_{it} : Rit^{**} - Rmt^{***}</p> <p>**Rit = $\frac{P_{it}-P_{it-1}}{P_{it-1}}$</p> <p>***Rmt = $\frac{IHSG_t-IHSG_{t-1}}{IHSG_{t-1}}$</p> <p>Notes :</p> <p>AR_{it} = Abnormal Return for company i on day t</p> <p>Rit = Company daily return on day t</p> <p>Rmt = Market index return on day t</p> <p>Pit = Company i stock price at time t</p> <p>Pit-1 = Company i stock price at time t-1</p> <p>JCI_t = Composite stock price index at time t</p> <p>JCI_{t-1} = Composite stock price index at time t-1</p>
Trading Activity	<p>Volume</p> <p>TVA = $\frac{\Sigma \text{Shares of Company } i \text{ traded at time } t}{\Sigma \text{Shares of Company } i \text{ outstanding at time } t}$</p> <p>After the TVA of each shares is known, the average TVA during the observation period is calculated using the formula:</p> <p>XTVA_t = $\frac{\Sigma XTVA_i}{n}$</p> <p>Notes:</p> <p>XTVA_t = Average TVA at time t</p> <p>$\Sigma XTVA_i$ = Number of TVA at time t</p> <p>n = Number of samples</p>

DATA ANALYSIS RESULTS

Event Study 1

The analysis of average abnormal return (AAR) indicates a clear difference in market response between Israeli-affiliated companies and local non-affiliated firms surrounding the outbreak of the Palestinian–Israeli conflict on October 7, 2023. The AAR of affiliated firms remained relatively stable with mild negative movement post-event (t+2 to t+4), followed by a recovery at t+5. In contrast, non-affiliated firms showed high volatility, with a sharp drop at t-2 (-3.05%) followed by a strong rebound at t+3 (+4.23%), likely driven by nationalistic sentiment and boycott movements. This highlights how geopolitical affiliations shape investor perception and behavior.

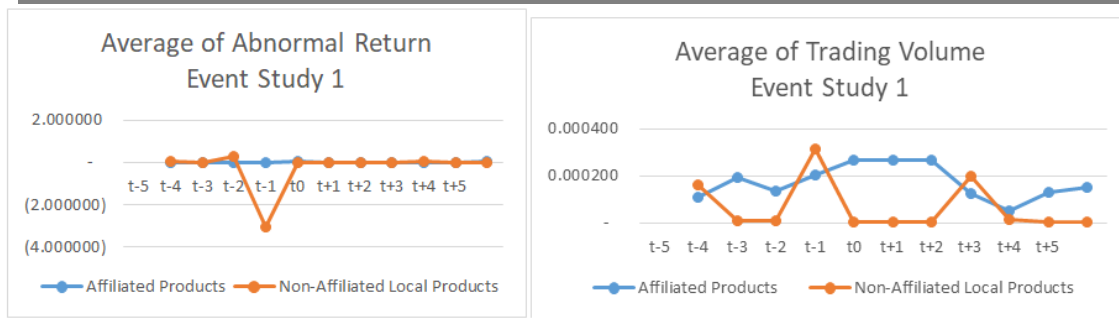


Figure 2. Graph of Average Abnormal Return and Average Trading Volume of Affiliated Products vs. Non-Affiliated Local Products Before and After the Beginning of the Palestine-Israel Conflict

Source: Data processed, 2025

Trading volume analysis revealed a gradual increase for affiliated firms peaking around t-1 to t+1, indicating investor concern and monitoring of firms tied to the conflict. Non-affiliated firms exhibited irregular volume spikes, particularly at t-2 and t+2, suggesting short-term speculative trading.

Table 2. Differential Test of Average Abnormal Return and Trading Volume Activity on Affiliated Products vs Non-Affiliated Local Products Before and After the Beginning of the Palestinian-Israeli Conflict

Test Statistics ^a		
	AAR Non-Affiliated Products - AAR Affiliated Products	ATV Non Affiliated Products - ATV Affiliated Products
Z	-.059 ^b	-2.138 ^b
Asymp. Sig. (2-tailed)	.953	.033
a. Wilcoxon Signed Ranks Test		
b. Based on positive ranks.		

The Wilcoxon Signed-Rank Test confirmed a significant difference in trading volume ($p = 0.033$), though not in AAR ($p = 0.953$), indicating that liquidity, rather than return, was more affected by the event.

Event Study 2

One month into the conflict, affiliated firms continued to experience consistent negative AARs, with the lowest point at t-1 (-2.02%). While modest recovery was observed at t+1 and t+3, negative sentiment persisted. Conversely, non-affiliated firms showed more positive and volatile patterns, with a significant spike at t+3 (+6.67%). These findings suggest ongoing investor preference for local alternatives amid sustained boycott sentiment.

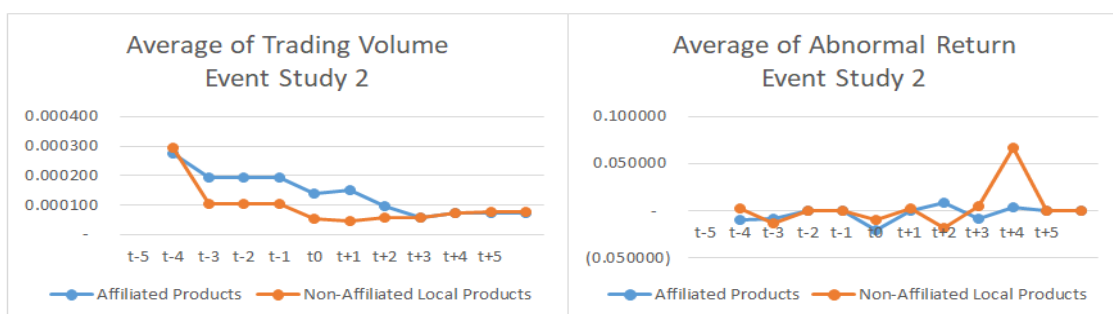


Figure 3. Graph of Average Abnormal Return and Average Trading Volume of Affiliated Products vs. Non-Affiliated Local Products Before and After the Beginning of the Palestine-Israel Conflict

Affiliated Local Products Before and After One Month After the Beginning of the Palestine-Israel Conflict

Source: Data processed, 2025

Trading volume for affiliated firms steadily declined from t-5 to t-1 and remained low post-event, indicating prolonged disinterest. Meanwhile, volume for non-affiliated firms dropped prior to the event but slightly recovered at t+3 to t+5. The Wilcoxon test found no significant differences in either AAR ($p = 0.310$) or volume ($p = 0.061$), implying a market normalization phase where reactions between both stock categories became more neutral.

Table 3. Differential Test of Average Abnormal Return and Trading Volume Activity on Affiliated Products vs Non-Affiliated Local Products Before and After One Month After the Beginning of the Palestine-Israel Conflict the Beginning of the Palestinian-Israeli Conflict

Test Statistics ^a		
	AAR Non-Affiliated Products - AAR Affiliated Products	ATV Non Affiliated Products - ATV Affiliated Products
Z	-1.014 ^b	-1.873 ^c
Asymp. Sig. (2-tailed)	.310	.061
a. Wilcoxon Signed Ranks Test		
b. Based on negative ranks.		
c. Based on positive ranks.		

Event Study 3

Following the MUI fatwa issued on November 10, 2023, market behavior shifted sharply. While both affiliated and non-affiliated firms fluctuated pre-fatwa, the announcement triggered a strong positive AAR (0.065) for non-affiliated stocks and only a marginal increase for affiliated firms. Subsequently, affiliated firms faced consistent negative returns, while non-affiliated stocks retained high positive AAR.

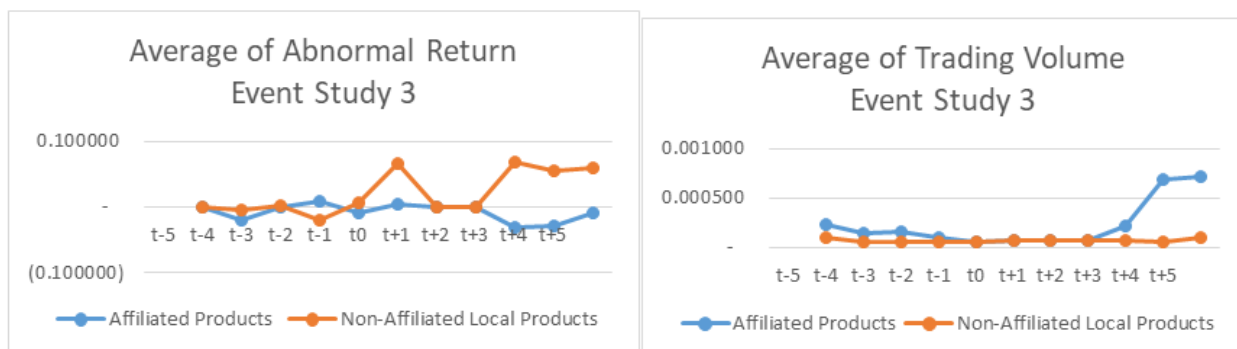


Figure 4. Graph of Average Abnormal Return and Average Trading Volume of Affiliated Products vs. Non-Affiliated Local Products Before and After the issuance of MUI's fatwa prohibiting buying products affiliated with Israel

Source: Data processed, 2025

Pre-fatwa, trading volume for affiliated firms declined. Post-fatwa, volume surged significantly (up to 0.000723 at t+5), indicating mass sell-offs. Non-affiliated firms, however, maintained stable, low trading volumes, suggesting their price increases were driven more by sentiment than speculative trading. The Wilcoxon test

confirmed marginal significance in AAR ($p = 0.050$) and a significant difference in volume ($p = 0.033$), highlighting asymmetric market responses to religiously motivated signals.

Table 4. Differential Test of Average Abnormal Return and Trading Volume Activity on Affiliated Products vs Non-Affiliated Local Products Before and After the issuance of MUI's fatwa prohibiting buying products affiliated with Israel

Test Statistics ^a		
	AAR Non-Affiliated Products - AAR Affiliated Products	ATV Non Affiliated Products - ATV Affiliated Products
Z	-1.960 ^b	-2.138 ^c
Asymp. Sig. (2-tailed)	.050	.033
a. Wilcoxon Signed Ranks Test		
b. Based on negative ranks.		
c. Based on positive ranks.		

Event Study 4

During the ceasefire initiation on January 19, 2025, both affiliated and non-affiliated stocks exhibited unstable AARs before the event. After the ceasefire, affiliated firms displayed mixed responses—negative at $t+1$ and $t+3$, positive at $t+4$. Local firms showed initial optimism at $t+1$, followed by declines and moderate recovery. These patterns suggest market uncertainty about the ceasefire's long-term implications.

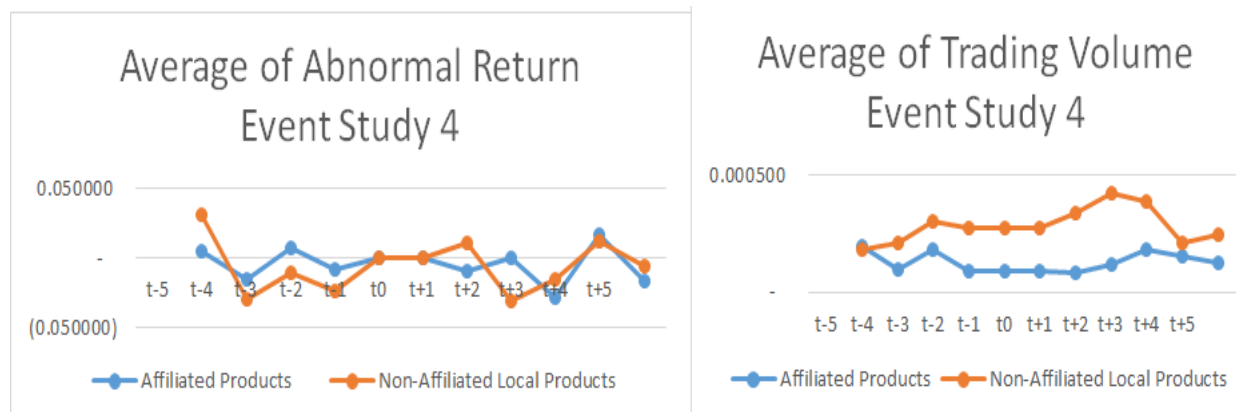


Figure 5. Graph of Average Abnormal Return and Average Trading Volume of Affiliated Products vs. Non-Affiliated Local Products Before and After the Start of the Ceasefire in the Palestinian-Israeli conflict (January 2025)

Source: Data processed, 2025

Trading volumes remained low and stable for both stock types, with only minor increases for non-affiliated firms. The Wilcoxon test found no significant difference in AAR ($p = 0.767$) but a significant difference in volume ($p = 0.004$), reflecting increased trading activity for affiliated firms likely due to renewed investor interest amid easing geopolitical tension.

Table 5. Differential Test of Average Abnormal Return and Trading Volume Activity on Affiliated Products vs

Non-Affiliated Local Products Before and After the Start of the Ceasefire in the Palestinian-Israeli conflict (January 2025)

Test Statistics^a

	AAR Non-Affiliated Products - AAR Affiliated Products	ATV Non Affiliated Products - ATV Affiliated Products
Z	-.296 ^b	-2.851 ^c
Asymp. Sig. (2-tailed)	.767	.004
a. Wilcoxon Signed Ranks Test		
b. Based on positive ranks.		
c. Based on negative ranks.		

Event Study 5

At the end of the ceasefire in early March 2025, affiliated firms experienced a sharp AAR drop at t-2 (-3.98%) followed by a gradual recovery, forming a V-shaped trend. This indicates investor optimism returning once conflict dynamics shifted. Conversely, non-affiliated firms peaked at t-2 (+5.37%) and declined consistently thereafter, signaling waning interest post-conflict.

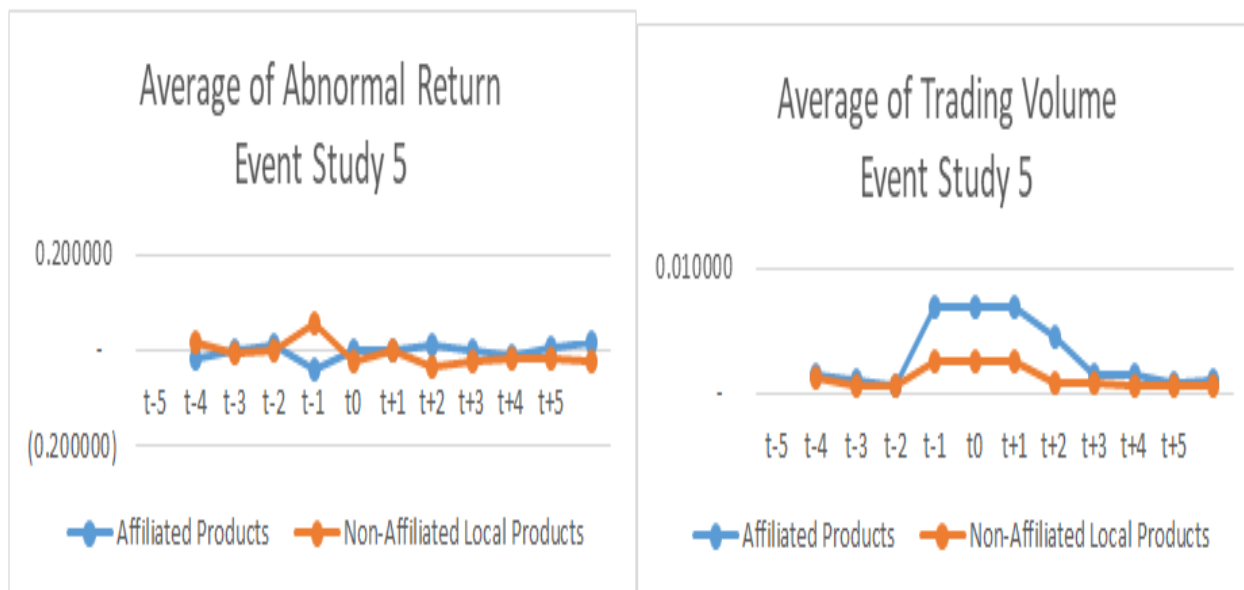


Figure 6. Graph of Average Abnormal Return and Average Trading Volume of Affiliated Products vs. Non-Affiliated Local Products Before and After the End of the Ceasefire in the Palestinian-Israeli conflict (March 2025)

Source: Data processed, 2025

Trading volume for affiliated stocks surged before and during the event (reaching 0.006940), then gradually declined post-event, suggesting speculative activity around political transition. Non-affiliated firms showed smaller, short-lived volume increases. The Wilcoxon test showed no significant AAR difference ($p = 0.374$) but a significant difference in volume ($p = 0.003$), reinforcing that trading activity, not return, was more sensitive to the geopolitical shift.

Table 6. Differential Test of Average Abnormal Return and Trading Volume Activity on Affiliated Products vs Non-Affiliated Local Products Before and After the End of the Ceasefire in the Palestinian-Israeli conflict (March 2025)

Test Statistics ^a		
	AAR Non-Affiliated Products - AAR Affiliated Products	ATV Non Affiliated Products - ATV Affiliated Products
Z	-.889 ^b	-2.940 ^b
Asymp. Sig. (2-tailed)	.374	.003
a. Wilcoxon Signed Ranks Test		
b. Based on positive ranks.		

DISCUSSION

Comparison of Average Abnormal Return and Trading Volume Activity on Affiliated Products vs Non-Affiliated Local Products Before and After the Beginning of the Palestinian-Israeli Conflict

The early phase of the Palestinian–Israeli conflict triggered different market responses between Israeli-affiliated and non-affiliated stocks, especially in trading volume. While no significant difference was found in abnormal returns based on the Wilcoxon test, descriptive data show higher volatility in non-affiliated stocks, likely driven by nationalist sentiment and local product preferences.

Conversely, trading volume showed a significant difference, with affiliated stocks experiencing steady increases, reflecting investor caution. In contrast, non-affiliated stocks had sporadic volume spikes, indicating short-term speculative behavior. These results suggest that during geopolitical shocks, investors react more through trading activity than price movement, and liquidity pressure varies depending on perceived political affiliations.

Comparison of Average Abnormal Return and Trading Volume Activity on Affiliated Products vs Non-Affiliated Local Products Before and After One Month After the Beginning of the Palestine-Israel Conflict the Beginning of the Palestinian-Israeli Conflict

One month after the outbreak of the Palestinian–Israeli conflict, market responses toward Israeli-affiliated and non-affiliated stocks appeared more stable. Although movement patterns differed, Wilcoxon test results revealed no significant differences in abnormal returns or trading volume. Affiliated stocks maintained negative abnormal returns, reflecting ongoing investor caution. Meanwhile, non-affiliated stocks exhibited more dynamic fluctuations, including a notable positive spike—likely influenced by continued support for boycott movements.

Both stock categories saw declining trading volumes before and shortly after the event; however, non-affiliated stocks recovered more quickly, suggesting investor preference for geopolitically neutral assets. These findings highlight that the market response became more rational and less sentiment-driven over time, indicating the temporary and adaptive nature of geopolitical shocks in capital markets.

Comparison of Average Abnormal Return and Average Trading Volume of Affiliated Products vs. Non-Affiliated Local Products Before and After the issuance of MUI's fatwa prohibiting buying products affiliated with Israel

The MUI fatwa banning purchases of Israeli-affiliated products had a measurable impact on the capital market. Non-affiliated stocks gained significantly, reflecting investor support for assets aligned with religious and social values. In contrast, affiliated stocks faced price pressure and increased trading volume, indicating a risk-

driven sell-off. Wilcoxon tests revealed a significant difference in trading volume and a marginal difference in abnormal returns. These findings highlight that religious-based policies can influence investor behavior and should be considered in markets with strong socio-religious sensitivities.

Comparison of Average Abnormal Return and Trading Volume Activity on Affiliated Products vs Non-Affiliated Local Products Before and After the Start of the Ceasefire in the Palestinian-Israeli conflict (January 2025)

The January 2025 ceasefire had no significant impact on abnormal returns for either Israeli-affiliated or non-affiliated stocks, as confirmed by the Wilcoxon test. This suggests that investors did not revalue stocks based on temporary geopolitical peace. However, trading volume for affiliated stocks rose significantly, indicating renewed investor interest. The ceasefire appeared to restore liquidity confidence more rapidly than price valuations. In summary, the ceasefire acted as a trigger for increased market activity rather than price change, especially for previously high-risk affiliated stocks.

Comparison of Average Abnormal Return and Trading Volume Activity on Affiliated Products vs Non-Affiliated Local Products Before and After the End of the Ceasefire in the Palestinian-Israeli conflict (March 2025)

The end of the ceasefire in March 2025 signaled a shift in market activity, particularly in stock liquidity. While no significant differences were found in abnormal returns, trading volume increased significantly—especially in affiliated stocks—indicating active investor response. The surge in affiliated stock volume suggests portfolio repositioning due to reduced perceived risk and post-conflict optimism. Meanwhile, non-affiliated stocks saw declining volume, reflecting the short-lived nature of prior positive sentiment. These findings suggest that geopolitical resolution drives market re-engagement, with trading volume serving as a more responsive indicator than price changes.

CONCLUSIONS AND SUGGESTIONS

Conclusion

Based on the results of the analysis and discussion that has been presented in the previous section, it can be concluded that:

1. At the onset of the conflict, **there was no significant difference in abnormal returns** between Israeli-affiliated and non-affiliated stocks, suggesting that investors had not yet differentiated stock valuations based on geopolitical affiliations. However, **a significant difference was observed in trading volume**, indicating that investor responses were more evident in transaction activity. Affiliated stocks showed more stable volume increases, while non-affiliated stocks experienced volatile spikes, reflecting short-term speculative reactions.
2. One month into the conflict, the market response became more neutral. **No significant differences were found in either abnormal returns or trading volumes** between the two stock groups. This suggests that the market had begun to adjust its risk perceptions more rationally, and investors no longer reacted emotionally to geopolitical affiliations. The findings reflect the market's ability to normalize after geopolitical shocks.
3. The issuance of the MUI fatwa had a tangible impact on the capital market. Although the **difference in abnormal returns was marginal**, **there was a significant difference in trading volume**, particularly due to a surge in sell-off activity for affiliated stocks. This demonstrates that value-driven policies, especially religious norms, can influence investor behavior and market activity—highlighting the role of ethical considerations in investment decisions within socially and religiously sensitive markets.
4. The initiation of the ceasefire did not lead **to significant differences in abnormal returns**, indicating that investors did not immediately reassess stock values based on temporary conflict resolution. However, **a**

notable increase in trading volume for affiliated stocks suggests a recovery of investor interest in previously risky assets. The findings imply that ceasefire events act more as catalysts for restoring liquidity and market participation rather than altering short-term valuations.

5. The end of the ceasefire **did not result in a significant difference in abnormal returns**, suggesting a similar valuation approach by investors for both affiliated and non-affiliated stocks. However, **trading volume increased significantly for affiliated stocks**, indicating a portfolio shift as investors anticipated lower geopolitical risk and potential post-conflict recovery. Meanwhile, trading activity in non-affiliated stocks declined, showing the temporary nature of earlier positive sentiment. Overall, this reflects that market recovery is more visible in liquidity patterns than in stock price movements.

Suggestions

Based on the research findings, it can be recommended for related parties such as:

1. For Investors and Capital Market Participants

Investors are advised to consider geopolitical factors and public sentiment more carefully, especially those related to a company's international affiliations. The significant changes in trading volume during conflict periods indicate that market responses are not solely driven by companies' fundamentals, but also by ethical, social, and political perceptions. Portfolio diversification and close monitoring of sociopolitical dynamics should be part of a risk mitigation strategy.

2. For Issuers and Public Companies

Companies with international affiliations—particularly those prone to triggering negative sentiment in the domestic market—are encouraged to adopt more proactive public communication and reputation management strategies. Transparency regarding corporate stances and values can help mitigate negative sentiment and maintain investor trust during times of geopolitical uncertainty.

3. For Regulators and Government Agencies

Capital market authorities and relevant government institutions should pay attention to the social, political, and religious impacts on market stability. Educational interventions or policy guidance may help preserve investor rationality in the face of sensitive issues. Furthermore, regulators should encourage public companies to disclose their international affiliations to support informed decision-making by investors.

4. For Future Researchers

This study can be further expanded by extending the observation period or including a broader sample of firms, such as private companies or digital startups. Future research could also incorporate other variables like consumer perceptions, social media analytics, or macroeconomic indicators to provide a more comprehensive view of how geopolitical conflicts affect market behavior.

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