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The Influence of Market Reaction on Capital Structure Moderated by Economic Package Policies

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Abstract

The economic crisis in Indonesia was influenced by the 2015 devaluation of China . This prompted the Government to issue an economic policy to stabilize the economy in Indonesia. This study aims to prove empirically how market reactions affect the capital structure before economic policy moderation. and the effect of market reactions on capital structure after being moderated by economic policies on property companies listed on the Indonesia Stock Exchange from 2015 to 2018. The dependent variable in this study is capital structure, the independent variable is market reaction and the moderating variable is economic policy. This study uses descriptive verification methods to determine the effect of market reactions on capital structure, and event study methods to determine how economic policies affect market reactions that will affect capital structure. by measuring the difference in abnormal returns and trading volume activity, which is a proxy for market reactions before and after the issuance of economic policies. Economic policy related to this research is economic policy related to property companies. The SPSS application was used in this study, and used moderated regression analysis. The results showed an increase in the effect of market reactions on the capital structure after the issuance of economic policies relating to property companies and economic policy moderation occurred which increased market reactions that had an effect on the capital structure. Economic policy is the application of development policies that encourage people to invest, which is reflected in market reactions which then affect the capital structure. This article examines how the concept of market reaction affects the structure of capital before and after the announcement of economic policy.

Keywords: *Economic Policy, Market Reaction, Capital Structure, Abnormal Return, Trading Volume Activity.*

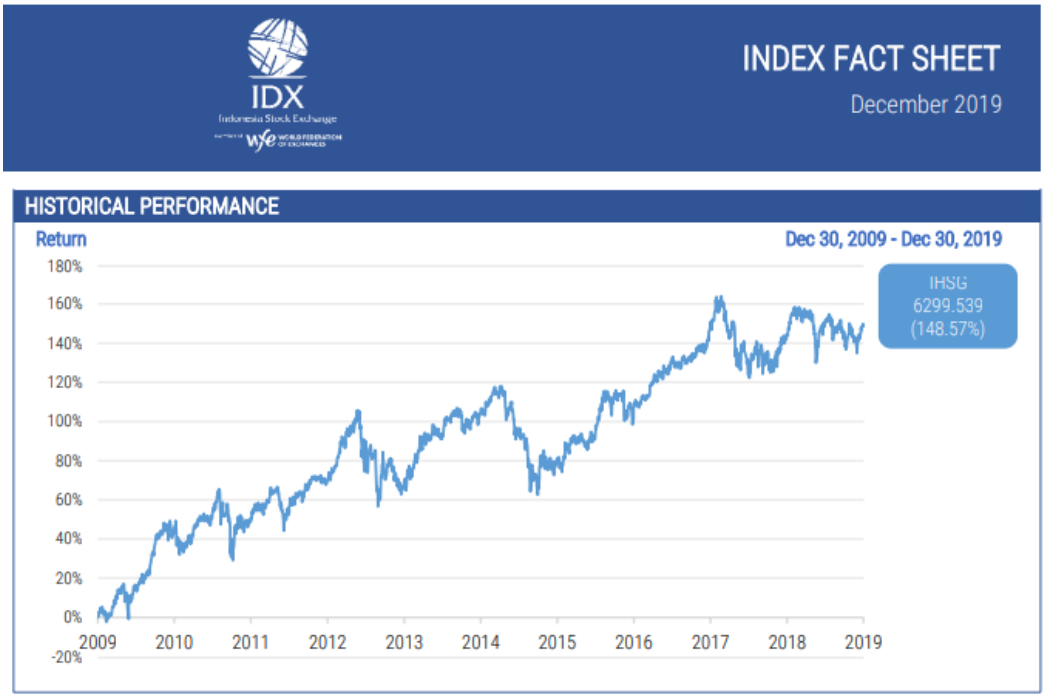
INTRODUCTION

The economic crisis occurred again in 2008 after 1998, this affected the world economy including Indonesia. China is a country that dominates the economic slowdown in Asia. China's devaluation occurred due to this economic slowdown, which then affected the decline in the IHSG in Indonesia to fall by 2.7% even all stock sectors had negative records the day after the announcement of China's devaluation in 2015. (Jogiyanto, 2016) This economic slowdown affected Indonesia's national development policy so that the government from September 2015 to September 2018 issued an economic policy which was expected to be able to encourage investment in the property sector by issuing a final tax policy for companies that issue Real Estate Investment Funds (DIRE).

The stability of the national financial system is still unstable, this is influenced by increasing geopolitical risks and the decline in the world economy. (Bank Indonesia, 2020) The statement of the coordinating minister for the Economy of Indonesia, Darmin Nasution, strengthens this problem, stating "The global economic situation will still be under pressure and will still slow down in 2019. If we look further, the normalization of monetary policy in developed countries, especially in the United States, will continue. (Economic Policy Package XVI) formally aims for the medium-long term (national economic resilience) but there are short-term elements to strengthen the confidence of fund owners so that capital inflow (for example short-term capital inflow and Foreign Direct Investment) enters," (Kemenkeu.RI, 2020.)

The government's efforts to control this economic slowdown, including issuing economic policy packages that are adjusted to development policies, have been recorded as having issued 16 volumes of economic policies until August 2017. This economic policy in the form of an economic package has had a significant impact on the Indonesian capital market, as seen from the movement of ISHG over the past 10 years from December 2009 to December 2019. This shows that the economic policies issued by the government influence market reactions. (BEI, 2019).

Figure 1 IHSG Movement over the Last 10 Years



Source: idx-stock-index-handbook-v10.pdf

Stock investment is an investment that is still in great demand by the Indonesian people, from the graph above it can be seen that there was a significant decline in the IHSG at the end of 2014 and early 2015. This has encouraged the Indonesian government to try to stabilize the Indonesian economy by increasing the contribution of the community by investing in the capital market, According to operational data from the IDX and data from the Indonesian Central Securities Depository (KSEI) for the period 2015-2016, the number of investors in the capital market for the period 2015-2016 was recorded to have increased by 23.47% according to operational data from the Indonesian Stock Exchange as well as according to the power of the Indonesian Central Securities Depository, and there was also a significant change in Single Investor Identification from 434,107 to 535,994. The government's policy in an effort to achieve the objectives of development policy in the form of stabilizing the Indonesian economy by issuing Economic Policies that can encourage investors to invest. (Abbas, 2017)

The parameters of trading volume activity and abnormal return movements can be used to see market reactions. An increase in trading volume in market reactions can mean good news if the volume increases due to demand. On the other hand, it can be said that bad news if the volume increases due to supply, The results of previous studies showed that the economic policy volume 11 market reacted only before the issuance of economic policies. The results of other studies showed no significant difference, and the market was formed into an efficient market in the form of a semi-strong form. (Nurbaity Muzakir, 2017) Furthermore, there is an influence of the economic policy package volume X on market reactions. (Wardani, 2014)

Based on the description above, market reactions are influenced by government policies in the form of economic policies issued. The government issued economic policies in an effort to stabilize the Indonesian economy which was affected by the global economic crisis since 1998 which was followed by the second crisis in 2008 and also the Covid-19 outbreak at the end of 2019. The phenomenon of market reaction fluctuations occurred during that period. But what is interesting about the phenomenon that occurred was a significant reaction after the issuance of economic policies issued by the government. This is what attracts researchers to examine the influence of market reactions on the company's capital structure which is moderated by economic policies, then this study also tests how market reactions before and after the issuance of economic policies affect the capital structure of the companies studied. The research period of 2015 to 2018 is adjusted to the period of the issuance of the economic policy packages studied. The Economic Packages studied in this study Volume 1, 5, 7, 11, 13 and 16 are expected to be in accordance with the companies studied, namely property companies listed on the IDX.

LITERATURE REVIEW

Efficient Market

Fama in Jones stated that the efficient capital market hypothesis is:

The Efficiency Market Hypothesis is concerned with the extent to which security prices quickly and fully the different types of available information which can be into the tree cumulative type weak form, semi strong form and strong form. (Jones, 1996, p. 227)

Fama stated that an efficient capital market occurs if all information available in the market is reflected in stock prices. If an efficient market has been formed, then various parties involved in the capital market will receive benefits including obtaining more accurate and even stock price information. Accurate stock price information is unlikely to cause abnormal returns. Testing using the abnormal returns that occur can be done in a semi-strong market. (Samsul, 2016) In an efficient market, abnormal returns are difficult to occur because the stock price information obtained is very accurate so that there is no difference between the actual stock price and the expected stock price because the numbers are the same. Market reactions occur because there are differences in information. Market reaction research can be conducted in a semi-strong market with abnormal return testing factors and market reaction speed. (Tandelilin, 2010)

Capital Structure

Capital structure is the balance of the amount of permanent short-term debt, long-term debt, preferred stock and common stock used by the company. Furthermore, according to Sartono, something important for a company to pay attention to is the capital structure. The optimal capital structure in a company occurs when the company's value can be maximized by the capital structure reflected in the stock price. Measurement of capital structure can be calculated by the leverage ratio, one of which is the debt equity ratio (DER). DER is a financial ratio to measure Capital Structure by knowing the proportion of equity and debt use to finance its assets. High DER indicates that the company uses more debt than equity. (Sartono, 2010) Operational Leverage is one of the factors that affect capital structure. (Houston, J. F, 2014)

Peckiny order theory states that companies prefer the company's own capital (equity) compared to capital from loans or from outside the company, because the risk is lower. (Ulzanah, 2015)

Economic Policy

Economic policy is a regulation issued by the government in an effort to control economic growth. Before knowing what economic policy is, the theory of growth is explained first. Adam Smith is a figure who introduced the classical theory which later developed into the growth theory introduced by Robert Solow and T.W Swam, so it is known as the Solow-Swam economic growth model. (Swan, Trevor W, n.d.) The further development of growth theory is explained by the neo-classical school which believes that profitability in a company will increase if there is an increase in the amount of company capital, so that the company will be able to pay wages to workers. Furthermore, other economists' opinions explain in Neo Keynesian theory that capital, demand and investment affect national economic growth, even investment activities are more highlighted by some supporters of this theory. (Sukirno, S, 1998) Factors that affect economic growth include investment. On a company scale, stock capital or market reaction will affect the company's capital structure.

Based on the description of the theory above, an efficient market in capital market transactions occurs if the information reflected in the market is able to reflect the actual market conditions. Complete information will affect a positive market reaction where investors invest their capital in the market reacting positively, so that the capital structure of companies listed on the Stock Exchange will be affected, so the first hypothesis in this study is:

There is an Influence of Market Reaction on the Company's Capital Structure. Furthermore, the market also reacts if there are certain events that affect it, including the announcement of economic policies, so the second hypothesis in this study is: There is an Influence of Market Reaction on Capital Structure after being influenced by economic policies.

METHOD

Type and Method of Research

This type of research is event study and library research and the research method uses descriptive verification analysis method, with a quantitative approach. Descriptive research is research that aims to determine the value of one or more variables independently without being compared or linked to other variables. (Sugiyono, 2017)

Population and sample

The population in this study is all property, real estate, and building construction sector companies listed on the Indonesia Stock Exchange with a research period of 2015 to 2018. Sampling in this study uses the purposive sampling method with the criteria presented in the following table: (Sugiyono, 2017)

Table 1: Research Sample

No	Information	Amount
1	Property, real estate and building construction sector companies listed on the Indonesia Stock Exchange from 2015 to 2018	**67**
2	Companies that do not have complete data required for research	**(22)**

3	Companies that are inconsistent in the research period	**(10)**
4	Companies that do*corporate actions*	**(23)**
	Number of samples studied	**12**

Source: processed data from BEI

Operational Definition of Variables Market Reaction

Market reaction in this study is proxied by*abnormal return* And *trading volume activity*. The model used in calculating it is*market adjusted model.,* with the following formula: (Tandelilin, 2010)

The formula used to calculate*actual return* in this study is:

$$Ri,t = (Pi,t - Pi,t-1) / Pi,t \quad (1)$$

Information:
Ri,t = *actual return* that occurs for security i in period t
Pi,t = Daily stock price of security i in period t
Pi,t-1 = Daily stock price of security i in the period one day before period t

The formula used to calculate*expected return in this study* are: (Tandelilin, 2010)

$$RMj = (IHSGj - IHSGj-1) / IHSGj-1 \quad (2)$$

Information :
IHSGj = IHSG value in period j
IHSGj = IHSG value in the period one day before period j

$$ARi,t = Ri,t – E[Ri,t] \quad (3)$$

ARi,t = rate *abnormal return* security i in period t
Ri,t = *actual return* securities I in period t
E[Ri,t] = *expected return sekuritas* I in period t using the model balance

Count *trading volume activity* In this study, the Foster Formula used is: (Jogiyanto, 2016)

$$VAT_{it} = \frac{\text{the number of shares of company i that are trade in period t}}{\text{the number of shares of company i outstanding in period t}}$$

The level of significance (α) used for testing is 5%.

Capital Structure

Operational Definition of Capital Structure Variable, is a comparison between long-term debt and equity. Capital structure in this study is measured by the debt to equity ratio (DER). The optimal capital structure is the company's capital structure that will maximize its stock price. Unit of measurement*debt to equity ratio* is a percentage with the following formula:

$$\textit{Debt to equity ratio}\ (\text{THE}) = \frac{\text{Total Debt}}{\text{Owner's equity}} \times 100\ \%$$

Data Sources and Data Collection Techniques Data source

Data in this research is secondary from the Indonesia Stock Exchange, On sector company*property*, *real estate*, and *building construction* listed on the Indonesia Stock Exchangeuntil 2018.

Data Collection Techniques

The data collection technique in this study is the documentation technique, namely the process of obtaining documents by collecting and understanding the contents of the documents needed in the study. This study also uses a literature study, namely by collecting, recording, and reviewing literature and publications related to the study. (Sugiyono, 2017) The data collection technique in this study was carried out through a search on the official website of the Indonesia Stock Exchange (IDX), namely *www.idx.co.id* which provides information regarding the annual financial reports of Indonesian companies that have been*go public.*

Data Analysis Methods Classical Assumption Test Normality Test

The Normality Test aims to test whether in the regression model, the interfering variables or residuals have a normal distribution. Statistical detection of normality in this study using the test*kolomogrov-smirnov Z* with a significance level of 0.05. If the Z statistic value is greater than 0.05 then the residual value in a regression is normally distributed. (Ghozali, 2011)

Auto correlation test

This study also uses autocorrelation tests, Ghozali argues that the Autocorrelation Test aims to test whether in the regression model there is a correlation between errors in period t with errors in period t-1 (previously). To detect the presence or absence of autocorrelation problems, several methods can be used, namely by conducting statistical tests. *Durbin-Waston*(DW). Decision on whether or not there is autocorrelation:

1) When value **DW**be in between**of** up to you **4-dU**, the correlation coefficient is equal to zero. This means that there is no autocorrelation.
2) When value **DW** smaller than **dL**, the correlation coefficient is greater than zero. This means that positive autocorrelation occurs.
3) When niali **DW** greater than **4-dL**, the correlation coefficient is less than zero. This means that negative autocorrelation occurs.
4) When value **DW**located between**4 – dU** And **4 -dL**, the results are inconclusive. (Ghozali, 2011)

Data Analysis Techniques

The data analysis model in this study is the moderated regression analysis model (*Moderated Regression Analysis*) which is used to find out the influence between independent variables on the dependent variable and includes a moderating variable. (Ghozali, 2011) Moderating variable is a variable which strengthens or weakens the relationship between independent variables and dependent variable.

The form of the mathematical equation formulation of the moderated regression analysis (*Moderated Regression Analysis*) used are as follows:

Hypothesis testing equation model 1: $Y = \alpha + \beta 1X1 + \varepsilon$
Hypothesis testing equation model 2: $Y = \alpha + \beta 1X1 + \beta 2Z + \beta 3X1*Z + \varepsilon$
Information:

Y = Capital Structure
X1 = Market Reaction
Z = Economic policy (moderation variable)

Hypothesis Testing

Hypothesis testing in this study was carried out with the following assumptions:

Ha is accepted if β 1≠0, meaning there is an influence of the variable*independent* to the variables*dependent*.

H0 is accepted if β 1=0, meaning the variable there is no influence *independent* to the variables *dependent*.

This test is carried out with degrees of freedom/*degree of freedom* 95% and

$\alpha = 0.05$.

RESULTS AND DISCUSSION

Normality Test

Table 2. *One-Sample Kolmogorov-Smirnov Test*

	Unstandardized Residual
N	12
Normal Parameters[a,b] *Mean*	.00000000
Deviation	.42545787
Most Extreme Absolute	.181
Differencess Positive	.181
Negative	-.152
Kolmogorov-Smirnov Z	1.089
Asymp. Sig.(2-tailed)	.189

a. Test distribution is Normal.
b. *Calculated from data*.

Source : *Output SPSS*

Market reaction is calculated using*Trading Volume Activity* And *Abnormal Return*, Capital Structure , calculated using*Debt Equity Ratio*and Economic Policy are normally distributed because the significance value is greater than 0.05, which is 0.189 (Table.2). This means that the

data results in this study are worthy of being continued in testing using moderated regression analysis.

Autocorrelation Test
Autocorrelation can be seen in Table 3 below.

Table 3. Testing*Autocorrelation Model Summary B*

Model	*R*	*R Square*	*Adjusted R Square*	*Std. Error of the estimate*	*Durbin-Watson*
1	.728[a]	.565	.537	.4768503	1.509

a. Predictors: (Constant), Abnormal return, dan Trading Volume Activity
b. Devendent Varible : Debt Equity Ratio

Source: *Output SPSS v. 21*

Autocorrelation test results, value*Durbin-Watson*of 1,509. If you look at the table*Durbin Watson* with k = 2 and N = 12, then obtained

The dU value is 1.35 and 4-dU is 1.59. Because the DW value is between the dU and 4-dU values, namely 1.35 < 1.509 < 1.59, it means that the research data does not experience autocorrelation.

Descriptive Analysis Results

Descriptive analysis results*average abnormal return* And *average trading volume activity* shown in Table 4.

Table 4. Statistical Test Results*Average Abnormal Return*

Event	*Minimum*	*Maximum*	*Mean*	*Std. Deviation*
PE Volume 1	-.0145779	.0192953	.00189773	.009580192
PE Volume 5	-.0094953	.0132844	.00038463	.006217761
PE Volume 7	-.0098478	.0086529	.00075300	.005703017
PE Volume 11	-.0130592	.0062953	-.00258109	.006751565
PE Volume 13	-.0178412	.0117161	-.00221245	.008132591
PE Volume 16	-.0186733	.0135672	-.00356576	.008236752
Rat rat	**-.0139158**	**.0121352**	**-.00088732**	**.007436979**
Valid N (listwise)				

Source: *output SPSS v. 21*

Table 4 shows the highest average value. *abnormal return* The stock in this study was 1.21352% which was right at the time of the event (t0). While the lowest value was -0.0139158 or -1.39158% in the two-day period after the announcement*abnormal return* (t+2).

Table 5. Statistical Test Results*Average Trading Volume Activity*

	N	*Minimum*	*Maximum*	*Mean*	*Std. Deviation*
PE Volume 1	12	.0027061	.0069833	.00476835	.001276636
PE Volume 5	12	.0027152	.0059852	.00413288	.001066718
PE Volume 7	12	.0015941	.0037612	.00283022	.000696517
PE Volume 11	12	.0024183	.0042383	.00330702	529675
PE Volume 13	12	.0026702	.0053861	.00372896	.000932565
PE Volume 16	12	.0028523	.0058861	.00377642	.000932348
Rat rat		**.0024932**	**.0053732**	**.00375731**	**.000905743**
Valid N (listwise)	12				

Source: *output SPSS v.21*

In Table 5 Values*average trading volume activity* The highest is 0.0053732 or 0.53732% which is right at the time of the event (t0). While the lowest value of 0.0024932 or 0.24932% occurs t-2 or two days before the economic policy takes effect.

Table 6. Results of Descriptive Statistical Tests*Average Debt Equty Ratio (DER) dalam %*

	N	*Minimum*	*Maximum*	*Mean*	*Std. Deviation*
Volume 1	12	0.14456	1.76875	0.76825	0.42676
Volume 5	12	0.12502	1.55795	0.74141	0.41065
Volume 7	12	0.11587	1.56683	0.83022	0.39552
Volume 11	12	0.14678	1.98127	0.87502	0.43196
Volume 13	12	0.14680	1.85376	0.78992	0.42257
Volume 16	12	0.15789	1.87385	0.86978	0.42268
Rat rat		**0.13949**	**1.76707**	**0.81243**	**0.41836**
Valid N	12				

(listwise)	

Source: *output SPSS v.21*

Based on Table 6 above, the average capital structure variable can be seen /*THE*is 81.243%, and the value*THE*The highest DER value is 1.76707 or 176.707%, the lowest DER value is 0.13949 or 13.949%, and the standard deviation is 0.41836.

Determination Coefficient Results

Table 7. Results*R Square*Before Moderation

Model	R	R Square	Adjusted R Square	Std. Error of The Estimate
1	.357[A]	.127	.098	.6715328

a. Predictor: (constant), Market reaction before moderation
Source: *Output SPSS v. 21*

Table 8. Results*R Square*After Moderation

Model	R	R Square	Adjusted R Square	Std. Error of The Estimate
1	.758[A]	.575	.518	.4778332

a. Predictor: (constant). Market reaction after moderation
Source: *Output SPSS v. 21*

Table 7 shows that the R Square is 0.127, which means that the magnitude of the influence of market reaction to the capital structure before the announcement of economic policy is 12.7% while the influence of market reaction to the capital structure after the announcement of economic policy is 57.5% (table. 8). This means that "the hypothesis is accepted". So it can be said that economic policy as a moderating variable) can increase the influence of market reaction to capital structure.

Hypothesis Test Results
F Test Results

Table 9. Simultaneous Test Results (F Test)

Model	*Sum Of Square*	*Df*	*Mean Square*	*F*	*Say.*
Regression	.024	2	.008	5.157	.005[B]

1 Residual	.045	10	.001	.	
Total	.069	12			

a. Dependent Variable: THE
b. Predictors: (Constant), *Abnormal Return*, *Trading Volume Activity*
Source: Output SPSS

The results of testing the research model or testing the influence of independent variables simultaneously show an F value of 5.157 with a significance value of 0.05, so this research model can be accepted because the F value is greater than its Sig. or 5.157> 0.05. Thus, the Market Reaction measured by*Abnormal Return* And *Trading Volume Activity*on Capital Structure is suitable for use in research models at a significance level of 5%. This can also mean Market Reaction have a real impact to capital structure.

Partial Test Results (t-Test)

Table 10. Partial Test Results (t-Test)

Model	*Unstandardized Coeficient*		*Standardized Coeficient*	*T*	*Say.*
	B	*Std. Error*	*Beta*		
(Constant)	-2.031	.194		-12.008	.000
Market Reaction	-.152	.057	-.385	-2.131	.031
Economic Policy	2.087	1.050	.342	2.001	.042
Market Reaction* Economic Policy	2.157	.771	.431	2.479	.019

a. Dependent Variable: Capital Structure (DER)

Source: *Output SPSS v. 21*

Moderation Regression Equation
Based on table 10, the regression equation that occurs in this study is:

Linear Regression Equation:
Y = -2.301 -0.152RP+ε
Y= -2,301 +2,087 IS + ε
Moderation Regression Equation:
Y= -2.301 -0.152 RP + 2.157RP*KE + ε
Information:
Y = Structure Modal (DER)
RP= Market Reaction before Economic Policy Announcement
KE= Economic Policy (Market Reaction after economic policy)

The first hypothesis test in this study based on the table above with a significance level of 0.05 shows*probability*0.031 and 0.42 (p <0.05) it is concluded that Ha is accepted, meaning that there is an influence of market reaction on capital structure. Likewise, the second hypothesis test with a significance level of 0.019 (p <0.05), meaning that Ha is accepted, so it can be concluded that there is an influence of Market Reaction moderated by economic policy on capital structure. Similar things also occur before and after the announcement of economic policy, where changes in influence increase after being moderated by economic policy. (Table 7 and table 8).

Based on the results of data processing, the research results show that there is*abnormal return*the average of 5 days before and 5 days after the announcement of economic policy is -.00088732 (table 4).*Abnormal return*the research period shows a minus meaning the value*actual return*smaller than*expectation return*or the expected return while*trading volume activity* shows an average of .00375731, meaning there is an increase*volume trading*at 5 days before and 5 days after the issuance of economic policy (table 5). This is supported by the results of the influence test analysis with the determination coefficient showing an increase in influence before and after the announcement of economic policy on market reactions (tables 7 and 8). This shows that there is moderation of economic policy on market reactions. And the large influence of the determination coefficient results shows the influence of market reactions on capital structure.

The first hypothesis is explained by the results of partial test data processing or t-test results which state that there is a significant influence between market reactions before the announcement of economic policies where the sig. value of each variable is less than 0.05, namely 0.31 and 0.42. This happens because before the announcement/issuance of economic policies, for example, economic policy volume 1 issued in September 2015 after the devaluation of the yuan in China in August 2015, so there was a market reaction before the announcement because there was an influence from the devaluation of the yuan in China, namely a downward reaction which then increased after the government issued regulations through this economic policy volume 1.

Likewise in other economic policies, although from the descriptive data there was a fluctuation between the maximum and minimum values and the average of each volume of economic policy studied. Overall, the influence of market reactions before being moderated by economic policies had an influence of 12.7% on the capital structure. The magnitude of the influence before the announcement is relatively smaller than after the announcement because the capital structure is not only influenced by market reactions but also by other variables including profitability, sales growth, business risk, while the market reaction is weak because it is triggered by other factors,

for example when the economic policy volume 1 was triggered by the devaluation of China, so the market reaction is small, so its influence on the capital structure is relatively smaller than after the announcement of the economic policy volume 1.

Another economic policy is the 16th economic policy issued to further encourage entrepreneurs in the property sector to support the acceleration of infrastructure development in accordance with the 2015-2019 national medium-term program. Likewise, with other economic policies examined in this study, there was a significant reaction to the capital structure.

The second hypothesis is also explained by the results of data processing after being moderated by economic policies as a whole, the volume of economic policies studied increased by 57.5%. The overall greater increase is indicated because the economic policies studied are economic policies that support the acceleration of the property industry. So that overal there is a significant reaction after the announcement of the economic policies studied.

The results of this study differ from the results of previous studies, namely that the market reacted before the announcement of the economic package volume 2 but did not react at the time and after the announcement, and there was no significant influence on market reactions. (Nurbaity Muzakir, 2017) And in line with other studies that examine market reactions influenced by economic policy X which show a market reaction after the announcement of economic policy X. (Dewi, 2017)

The results of this study are limited to policy research related to property companies, not the entire economic policy, so the results of the study still need to be developed with different units of analysis, for example manufacturing companies. The overall evaluation results in 2019 according to Adriyanto, head of the center for macroeconomic policy (PKEM) of the Ministry of Finance, July 29, 2019, 16 volumes of policies issued by the government were said to have failed to reduce the deindustrialization of manufacturing companies. This means that investors as market players not only analyze technical aspects but also fundamental aspects by looking at the company's performance.

CONCLUSION

Based on the previous description and discussion, the following conclusions can be drawn:

1. Market reactions have a significant impact on capital structure, due to the increase indebt equity ratiowhich is a measurement of capital structure that is influenced by increasingabnormal return And trading volume activitywhich is a measurement of market reaction tosector companyproperty, real estate and building construction.
2. Market reactions have a real effect on capital structures moderated by economic policies. This can be seen from the results of research that shows an increase in the influence of market reactions on capital structures before and after economic policies are issued.on sector companyproperty, real estate and building construction.

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