



## **ABSTRACT**

### ***THE EFFECT OF MOON PHASE ON INVESTOR PSYCHOLOGY AND INVESTOR REACTIONS***

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**20/471047/PEK/26774**

*This study aims to examine the moon phase which is new moon and full moon, on the cognition and emotions of LQ45 stock investors which are the basis for making investment decisions that will affect their investment performance. The data in this study used a sample of 100 investors who only bought or transacted buying and selling shares of LQ45 companies on the Indonesia Stock Exchange during the period of full moon and new moon at the close of stock trading. The time period chosen in this study refers to the Moon Phase 2022 – Lunar Calendar for Jakarta, namely the new moon on May 1, 2022 and May 30, 2022, while the full moon on May 16, 2022 and June 14, 2022. Cognition as an independent variable in the study was measured by the Cognitive Style Inventory (CSI) questionnaire from (Martin, 1998). Emotion as an independent variable was measured by the scale of aggressiveness and the psychometric of the profile of mood states (POMS) questionnaire from (Buss and Perry, 1992) research. Investor reactions are measured using the return of each investor, both shares that have been sold before the closing of stock trading or using the market prices (shares that have not been sold during the full moon and new moon). The results of this study found that investors' cognitions and emotions during the full moon had a negative effect on investors' reactions, and investors' cognitions and emotions during the new moon had a positive effect on investors' reactions. This is in accordance with the investor reaction data obtained, namely the full moon on May 16, 2022 and June 14, 2022 showing as many as 57 out of 100 investors and 74 out of 100 investors with negative investment performance, while the new moon on May 1, 2022 and May 30, 2022 showed as many as 59 out of 100 investors and 66 out of 100 investors with positive investment performance. Therefore, Full Moon affects the cognition and emotional processes that result in investor reactions or biased decision making due to high demands or boredom in the middle of the monthly period so that they tend to act conservatively which results in sluggish stock price movements and tend to weaken, as well as high physical and mental stress resulting in lower stock trading performance. New moon affects cognition and emotions that have a positive effect on investor reactions. The new moon that occurs at the beginning of the month or the end of the month triggers each individual investor to start or close a period of investment performance with good results by acting more confidently and aggressively in order to obtain maximum results, this will result in the majority of stock movements going up.*

**Keywords:** *Cognition and emotions, investor reactions, moon phases*