Kingkaew Buakaew 2011: A Leading Core Inflation Index in Thailand.
Master of Economics, Major Field: Economics, Department of Economics.
Thesis Advisor: Mr. Arun Kiarasarn, Diplome de IIIeme Cycle. 167 pages.

This research is a study of leading core inflation index in Thailand using the time series data of 5 variables (Import Price index, Producer Product index (raw material), Capital Utilization Rate, Broad Money and Domestic Claim), during January 2000 - November 2009. The research begins with the seasonal adjust by (X-12ARIMA), then the Hodrick and Prescott trend estimation method will be used, further more the leading or lagging indicator will be observed, followed by the sample cross correlation coefficient test method and the causality test of Grangers method and finally the composite index or a leading core inflation index will be tested.

The research showed that the Producer Product index (raw material) and Import Price index can lead a reference core inflation index. But the Broad Money, Capital Utilization Rate and Domestic Claim are the lagging indicators of the reference core inflation index.

When leading indicator (the Producer Product index (raw material) and Import Price index) are used to form the composite index or the leading core inflation index, they can lead a reference core inflation index. It is seen that a leading indicators on the supply side can reflect the inflation better than the leading indicators on the demand side. This may be due to the time period chosen for the study which the Thai economy has been affected by the supply side factors such as Global economic fluctuations, oil prices, agricultural good and fresh food prices.

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