

Chonlathan Chobseing 2007: Factors Affecting the Demand and Supply of Government Bond of Fixed Income Fund. Master of Economics, Major Field: Economics, Department of Economics.
Thesis Advisor: Assistant Professor Santiya Eag-arkara, Ph.D. 119 pages.

The purposes of this study are: (1) to study structure, characteristics and investment policy of fixed income fund, (2) to study factors affecting the demand and supply of government bond of fixed income fund. This study uses both descriptive and quantitative analyses. In quantitative analysis, the study applies the simultaneous equation by two stage least square method. The secondary data sets in this study are data from 2001 to 2006.

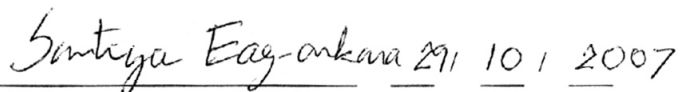
Fixed income fund main investment was on debt and deposit money. This type of fund gained consistent return and provides low risk. After the government had managed the deficit budget policy and granted government bond to solve the post-1997 economic crisis, the number of the fixed income fund has increased. From 2005 to 2006, it appeared that the amount of the fund was higher. The largest proportion of investment was on government bond, treasury bill, bank deposit and corporate bond respectively.

The result of this study showed that the demand for government bond of fixed income fund was positively correlated with the average government bond yield, quantity of investment in fixed income fund and inflation rate. The supply of government bond was positively correlated with the inflation rate, gross domestic product, and minimum loan rate.

From the result of this study the recommendations are: (1) the appropriate time for government to grant the government bond is when the amount of granting fixed income fund increases, (2) The investors should also consider the inflation rate before making decision. If they can expect that the inflation rate will be increase, they should not invest in government bond. On the other hand, if the government can expect that the inflation rate will be increase, they should grant the bond.



Student's signature



Thesis Advisor's signature