

Patchanee Sripilap 2011: The Impacts of Monetary Policy Transmission Mechanism on Private Sector Profit. Master of Economics, Major Field: Economics, Department of Economics. Thesis Advisor: Miss Supanee Harnphattananusorn, Ph.D. 101 pages.

Profit is an important factor for private sector investment decisions. Inevitably, the monetary policies play the role to the private profit. Because most of the monetary policies affect an interest rate which is the costs of the investment. This study illustrates the monetary policy from Bank of Thailand, the situation of private sector profit represented by the profit from listed company in Thailand Stock Exchange Market (SET) and investigates the transmission channels of monetary policy to the private profit. According to the channel, the study investigates three channels; the interest rate channel, the credit channel, and the asset prices channel. To investigate the transmission channels, the study uses time series quarterly data from 1st quarter 2000 - 4th quarter of 2010, and estimation techniques are Vector Autoregressive (VAR), Impulse Response Function, and Variance Decomposition. The variables used in the study are private investment index, private sector profit, minimum loan rate representing the interest rate channel, credit amount representing the credit channel, and the SET index representing the asset prices channel.

The results from impulse response function shows that the private sector profit is affected by monetary policy shock through the asset prices channel, the credit channel, and the interest rate channel, respectively, In addition, the volatility of private sector profit generating from monetary policy shock can be decomposed through variance decomposition technique, which find that the most part in private sector profit volatility is derived from the asset prices channel. The second and the third part of private sector profit volatility are derived from the credit channel, and the interest rate channel, respectively.

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