

Suthinun Thaipattanakul 2011: The Effects of Inflation Targeting Framework on the Economy: A Case of Emerging Markets in Asia. Master of Economics, Major Field: Economics, Department of Economics.

Thesis Advisor: Miss Supanee Harnphattananusorn, Ph.D. 122 pages.

The main purpose of this study is to analyze the economic effects in the emerging markets in Asia that have adopted the inflation targeting consist of the inflation rates, the economic growth rates and the interest rates. These are based on the secondary quarterly data, panel data including 8 countries in the emerging markets in Asia: China, India, Indonesia, South Korea, Malaysia, Philippines Taiwan and Thailand since the first quarter of 1999 to the fourth quarter of 2009. The data was correspondingly analyzed through both Fixed-Effects Model and Random Effects Model of the Panel Model.

The results of this study indicate that, in the emerging market of Asian economy, the inflation-targeting policy has an effects on the inflation rates, economic growth rates and interest rates statistically significant and keeps the inflation and interest rates down. In addition, the economic growth rate has well increased. Therefore, the inflation targeting framework is able to efficiently control the inflation rates in properly as well as keep the economy system in progress.

In summary, the inflation-targeting policy conducted in Asian emerging countries is highly effective. It reaches its goals in the way that it can control inflation within its target range and encourage growth. Therefore, the policy-makers should maintain their credibility and policy-transparency.

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