

Suwimon Ngarmkittikun 2006: Resistant of Net Asset Value of Fixed Income Funds to Economic Factors. Master of Economics (Business Economics), Major Field: Business Economics, Department of Economics. Thesis Advisor: Mr. Bundit Chaiwichayachat, Ph.D. 149 pages. ISBN 974-16-2015-2

The objectives to study are (1) to study the relationship between the economic factors and net asset value (NAV) of fixed income funds and (2) to study resistant of NAV of fixed income funds to economic factors. First, the relationship between economic variable and NAV was estimated by Ordinary Least Squares (OLS). Second, the scenario-based forecasting method was employed in order to explore the resistant of NAV in 2 cases; (1) 1-10 percent increase in economic variables and (2) 1-10 percent decrease in economic variable. The data for this study was collected during January 2002 to June 2005. In this study, multiple regression was applied to test the relationship between NAV and economic variables, including the average 12 month deposit interest rate of BBL, KBANK and SCB, inflation rate, manufacturing production index, the average yield of government bonds of which the maturity periods are 1-3 years and the average yield of Corporate bond of which the maturity periods are 1-3 years.

The results of this study indicated that the average yield of government bonds of which the maturity periods 1-3 years has an adverse relationship with NAV of fixed income funds maturing with in 1 year and total NAV of fixed income funds maturing not more than 3 year. Inflation rate and the average yield of government bonds of which the maturity periods 1-3 years also have adverse relationship with NAV of fixed income fund of which the maturity period 1-2 years. Given other variable constant, the increasing in either economic growth rate, government bonds yield or inflation rate would lead to the decreasing in NAV of fixed income fund. In contrast a decrease in either economic growth rate, government bonds yield or inflation rate would lead the increasing in NAV of fixed income fund.

From this study, we can conclude that investors can predict the change in fixed income fund by forecasting either government bonds yield, repurchase rate or inflation rate. Moreover, the retail investors should study the investment policy and the performance of each funds before investment.

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Advisor's signature

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