

Chatchai Wongkwanmuang 2010: The Impacts of Monetary Policy Instrument under the Inflation Targeting toward Credit and Interest Rate of Commercial Bank. Master of Economics, Major Field: Economics, Department of Economics. Thesis Advisor: Assistant Professor Valaiporn Attanandana, M.A. 121 pages.

The purpose of this research was analyze the impacts of monetary policy instruments which Bank of Thailand used to control the key policy rate under Inflation Targeting and other economic variables on credit and interest rate of commercial bank. This research used the monthly secondary data between January 2001 and December 2007, and was analyzed by the Unit Root, Vector Autoregressive (VAR) and Impulse Responses Function method.

The research found that, the monetary policy instrument which had the greatest impact on credit of commercial bank was the foreign exchange swap and followed by the repurchase operation and end-of-day liquidity rate respectively. For the three months deposit rate of commercial bank, it was also affected mostly by foreign exchange swap and followed by repurchase operation and end-of-day liquidity rate respectively. For the other economic variables, it found that the foreign exchange rate (BHT/USD) had the greatest impact on credit and three months deposit rate of commercial bank and followed by Singapore interbank offered rate and SET Index respectively.

According to the above result, Bank of Thailand should use the foreign exchange swap which is the main monetary policy instrument supplemented with the exchange rate stabilization to control or manage the credit and three months deposit rate of commercial bank to suite with the economic condition.

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