

Pongsagon Lickachai 2006: Rate of Return and Investment Risk of Securities in Stock Exchange of Thailand. Master of Economics, Major Field: Economics, Department of Economics.

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The main objectives of this research were 1) to examine the rate of return and investment risk of Stock Exchange of Thailand (SET) in the period of economic crisis compared with the period following the Thai capital market development master plan; 2) to examine the rate of return and investment risk of securities in the period of economic crisis compared with the period following the Thai capital market development master plan, and 3) to examine the relationship between the security's rate of return and the rate of return of SET in the period of economic crisis compared with the period following the Thai capital market development master plan. This research used secondary data which were related to the top 15 ranking securities sectors in SET (counted from top 15 most active values during January 1997 – December 2005). This research used descriptive and quantitative analysis, beta value and characteristic line were used as analysis tools.

The results of this research showed that in the period of economic crisis during 1997-2000, there was negative value for average monthly rate of return of SET as equal to -1.417%. Rate of return for most of the securities sectors showed negative value or loss from investment. Regarding the analysis of risk for SET, it was found that risk for SET examined by standard deviation was 13.183. There were 6 securities sectors that showed risk from investment less than risk of SET. Risk for most of the securities sectors were systematic risk. Beta value was less than 1 in each sector implying that the rate of return of securities sector changed in the same way as SET, but more slowly than SET. In the period following the Thai capital market development master plan during 2001-2005, there was positive value for average monthly rate of return of SET as equal to 1.89%. Rate of return for most of the securities sectors showed positive value or gain from investment. There were 7 securities sectors that showed higher rate of return on investment than rate of return of SET. Regarding the analysis of risk of SET, it was found that risk for SET examined by standard deviation was 7.248. There were 4 securities sectors that showed risk from investment less than risk of SET. Risk for most of the securities sectors were unsystematic risk. Beta value for most of the securities sectors was less than 1 in each sector implying that the rate of return of securities sector changed in the same way of SET, but more slowly than SET. There were 4 securities sectors recommended to avoid investment, which were communication, media & publishing, electronic & computer and electronic components sectors.

The results implied that the rate of return on investment of each securities sector was not stable and fluctuated in all periods. In order to reduce or prevent the risk from investment, the investors should emphasize on the analysis of expected rate of return and risk of securities as well as fundamental analysis before making a decision.

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