

## ABSTRACT

Thesis Title : The Impact of Monetary Policy on Real and Monetary Sector of Thailand.

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The study of the impact of monetary policy on real and monetary sector of Thailand is divided into three parts. The first part is to study the impact of monetary policy on real sector, the second part is to study the impact of monetary policy on monetary sector and the third part is to analyze the relation on money market. The ordinary least square (OLS) technique is employed to analyze the empirical results for the sample of data from June 1997 to June 1999 which has a crisis in the economy.

During the study period the Bank of Thailand has set up monetary policy as follows because of after Thailand to change exchange rate system from Pegged Exchange Rate Regime to Floating Management of Exchange Rate on July 2, 1997 and to obtain the contribute instalments of money from IMF consequently the government must implement the monetary policy to be consistent of fiscal policy balance of payment and the growth of economy under ultimate objective of IMF. An

overview of economics of Thailand, Bank of Thailand to use quarter and days monetary base to manage day current for the purpose that adjust the current and interest rate consistency.

The impact of monetary policy on real and monetary sector of Thailand are analyzed by employing the OLS technique . In the part of real sector the estimation result shows that the significant influencing factor on demand for bank loan in the first model is cost of foreign borrowing. The second model the significant influencing factor on demand of real time deposit are yield on bank demand deposit and yield on bank time deposit . The third model the significant influencing factor on money asset are yield on bank demand deposit ,yield on bank time deposit and real income.

In the part of monetary sector the estimation result show that the significant influencing factor on proportion of total bank fund and time deposit are the gap of cost of time deposit and yield on loan domestic, the gap of cost of time deposit and yield on government securities and the gap of cost of time deposit and cost of foreign borrowing.

In the part of analyzes on relation in money market and domestic creation the estimation result show that the significant influencing factor on stock of money is currency.

Consider for all of estimation result are consistent with hypothesis found that on real sector the second model the factor isn't consistent with hypothesis are yield on demand deposit and real income , third model the factor isn't consistent with

hypothesis are yield on bank demand deposit and real income. On monetary sector found that the factor isn't consistent with hypothesis is the gap of cost of time deposit and yield on loan domestic. On relation in money market and domestic creation found that the factor isn't consistent with hypothesis is currency.

All of the estimate result indicate that the impact of monetary policy aren't undergoing consistent with hypothesis as the effect on unanticipated factor from economics crisis that cause of the consider to use money supply to implement monetary policy in this period not effective . Therefore in 2000 The Bank of Thailand to implement new monetary policy by the use inflation target instead.