

Waikun Phornsilkiat 2010: Economic Factors Affecting Currency Options Premium Under Managed Float Exchange Rate System. Master of Economics (Business Economics), Major Field: Business Economics, Department of Economics. Thesis Advisor: Mr. Saksit Budsayaplakon, Ph.D. 164 pages.

When Thailand changed the currency system from the Basket Currency to the Floated Management System, it causes an increase in currency risk so that international businesses need to exercise currency options to protect the risk.

The objective of this study is to identify study currency options and the economic factors that affect the price of currency option in Thailand . We use the monthly data and quarterly data to examine how these factors affect the price of currency options from July 1997 to June 2008 with ordinary Least Square Method. Our result shows that only exchange rate has the significant effect on the price of currency option while the others can not explain the movement of the price of currency options. However, the exchange rate alone does not behave well enough to explain the price of currency options due to low R^2 . Therefore, our study suggests future research to examine the missing links between microeconomics variable and the price of currency options.

The other the delta of the price of currency options for quarters data is moresensitive than the delta of the price of currency options for monthly data due to the intercept of multiregression model. the intercept of multiregression model for quarters data is higher than the intercept of multiregression model for data for monthly. the intercept of multiregression model for quarters data is 0.440477, for monthly data is 0.154725

Student's signature

Thesis Advisor's signature