

Kittikhun Mongkolchati 2013: The Impact of Interest Rate and Inflation on Thai Exchange Rate. Master of Economics, Major Field: Economics, Department of Economics. Thesis Advisor: Mr.Arun Kiarasarn, Dip.de III^{eme} Cycle. 217 pages.

The objectives of this study is to investigate the impact of interest rate and inflation on Thai exchange Rate, considering the case of a large economy (The United States) and a smaller economy (Singapore), using vector Autoregressive (VAR) on monthly data from January 2000 to December 2010, with the impulse response function and the variance decomposition of 5 major macroeconomic variables: interest rate, inflation, exchange rate, gross domestic product and capital inflows.

The research found that between 2000 to 2010, the cases of Thailand and a large economy (the United States) and a smaller economy (Singapore), the change in exchange rate of Thai Baht - United States Dollars and Thai Baht - Singapore Dollars did not respond to the interest and inflation. However, the exchange rates react to their own values (pure shocks) and only in the short runs.

The result indicated that the interest and inflation did not affect the change of exchange rate in the period studied. Therefore, other external factors should also be considered to fully understand the change of exchange rate.

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