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KEY WORK : ECONOMIC FACTORS / STOCK PRICES

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This thesis' objective is to study economic variables' influence over security price. Study is divided into two parts. One is to study relationship between macroeconomic variables and SET Index. The other is to study relationship between macroeconomic variables and stock prices of Security Group and stock price of each security. Macroeconomic variables consist of money supply, real gross domestic product, real interest rate, investment index, foreign portfolio investment flow, and Dow Jones Industrial Average Index, Microeconomic variables consist of dividend per share, earning per share and book value per share.

Method of study depends on Ordinary Least Squares. In addition, using monthly data from January 1980 to December 1990.

First study outcome indicates that movement of SET Index depends on foreign portfolio investment flow and Dow Jones Industrial Average Index.

Second study outcome indicates that movement of stock prices of Bank Group depends on money supply, investment index, foreign portfolio investment flow, Dow Jones Industrial Average Index, and book value per share. Movement of stock prices of Finance & Security Company Group depends on money supply, real gross domestic product, foreign portfolio investment flow, Dow Jones Industrial Average Index, dividend per share, earning per share, and book value per share. Movement of stock prices of Industrial Group depends on Dow Jones Industrial Average Index and book value per share. Movement of stock prices of Other Groups depends on money supply and book value per share. After that, consideration is based on individual security. Economic variable which best indicates stock price of each security is Dow Jones Industrial Average Index. The second ones are foreign portfolio investment flow, book value per share, investment index, money supply, real interest rate, earning per share, and real gross domestic product respectively.

Suggestion on policy may be divided into 2 clauses. Firstly, regarding development and promotion on business in Security Exchange for greater quantity, the Government should stress on upgrading the Security Exchange to be an international exchange in order to be open for foreigners to transact more conveniently. Secondly, regarding development for prosperity of the Security Exchange, knowledge of investment on security and information concerning Security Exchange should be distributed throughly and rapidly in order to make the Security Exchange as perfect as possible.