PIYAWADI NIYOMRAT : A TEST OF EFFICIENT MARKET HYPOTHESIS WITH RESPECT TO THE BEHAVIOR OF THAILAND STOCK PRICES. THESIS ADVISOR : ASSIS.PROF.TEERANA BHONGMAKAPAT, Ed.D. 123 PP.

This study aims at testing the efficient market hypothesis for the Stock Exchange of Thailand by examining the behaviour of securities prices. In the case that their behaviour supports the random walk theory, it can be stated that the Thai stock market is weakly efficient. Under this particular type of market efficiency, securities prices follow the random process implying that everyone should be able to have a symmetric price information. The weak difinition of market efficiency considers that the past value of securities prices and volumes are useless in predicting future values of stock prices.

The study conducts an empirical test whether the present values of stock prices have any relationship with the past-period values of stock prices by using price data at disaggregated levels including (1) Banking (2) Finance and Securities (3) Commerce (4) Construction Materials and (5) Textile and Clothing. In term of empirical methods methodology, three popular methods, regression analysis, serial correlation coefficient test, and run tests, have been employed.

The results of the analysis indicate that, for all items of Thai securities, the random walk hypothesis is not supported implying that the Thai stock market has not been weakly efficient. The study recommends that information dissecminate to general public should be encouraged wildly and rapidly so that no one can simply acquire such information before other do. In addition, the efficiency of Thai stock market should be improved so that individuals have sufficient information to make decision rationally, letting the development of the stock market more consistent to fundamentals.