

Wipa Noychadchawan 2014: Arbitrage Pricing from Short Sale and Investments on Call Derivative Warrants in the Stock Exchange of Thailand. Master of Economics (Business Economics), Major Field: Business Economics, Faculty of Economics at Sriracha. Thesis Advisor: Mr. Bhisanuwat Thaweewat, D.A. 106 pages.

The thesis aimed to (1) calculate the expected minimum rate of return on short sales and investments on call derivative warrants before deducted costs of short sale(2)find out the opportunity of arbitrage and(3) calculate actual investment in (1) The study used primary data from in-depth interviews of persons involved, and secondary data from various academic papers specifically trade data during the period between the date of July 2, 2556 until April 30, 2557 covered 37 pairs of Securities on the Stock Exchange of Thailand. Costs and returns were identified by mathematical calculations.

The study results showed that there were 4 call derivative warrants which could gain positive rate of return on short sales and investments in call derivative warrants. They were BANPU, BAY, BCP and DTAC with minimum yields of 5.92, 5.29, 33.24 and 28.77 per cent respectively. Investors could not make arbitrage on the investment due to the requirements of the Stock Exchange of Thailand allowing investors to pay the difference instead of stock delivering. So investors had the burden to take risk on repurchase fee. Still the investors could speculate at low risk. The actual yield before borrowing costs, were found at 7.23, 4.84, 33.39 and 29.05 percent respectively, which were not equal to the minimum expected returns since repurchase fee due on the last day was not equal to that of the first day.

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