

Natthaphong Pinthong 2014: An Analysis of The Relationship between BIBOR Interest Rate and Interest Rates in Financial Markets of Thailand. Master of Economics, Major Field: Economics, Department of Economics. Thesis Advisor: Mr. Thanarak Laosuthi, Ph.D. 84 pages.

This research aims to study the common characteristics of BIBOR interest rates and to analyze the relationships between BIBOR interest rates and short-term interest rates in financial markets of Thailand. By using monthly data from January 2012 to March 2013 of 17 commercial banks, I apply Granger Causality, Fixed Effects Model and Random Effects Model to estimate the results.

The results show that BIBOR 1 year does not affect MLR. This happens because the major customers of the MLR possess high bargaining power so commercial banks do not have ability to adjust this interest rate. Furthermore, volumes of interest rate swap uses THBFIX and LIBOR as references so there is no relationship between BIBOR 3 month and the volumes of interest rate swap. However, BIBOR 1 month has positive relationship with coupon rate. In particular, the coupon rate is floating rate so its return is not fixed. Consequently, it can use BIBOR 1 month as the reference.

---

Student's signature

---

Thesis Advisor's signature