

Special Research Project Title	Study of Japan’s Monetary Easing Policy and Its Effects on Stocks in the Nikkei 225 Index
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#### Abstract

Monetary easing is an unconventional policy that is used to solve economic problems when the regular policy is not effective. This project investigates Japan’s quantitative and qualitative easing (QQE) in April 2013 and October 2014. The event study methodology is used to evaluate the QQE effects on stocks in the Nikkei 225 index. The results show that the utilities stocks respond positively to the QQE in both times, having cumulative average abnormal return (CAAR) of 5.96% and 2.79%, respectively. On the other hand, those in the industrials sector underperform the market and have a CAARs of -4.53% and -1.63%, respectively. In addition, the energy sector stocks have an average returns according to the market expectation. As for the technology sector, the stocks underperform the market in the first QQE while receiving a positive impact from the second QQE.

Keywords: Bank of Japan (BOJ) / Event Study / Monetary Easing / Quantitative and Qualitative Easing