

## **ABSTRACT**

Abstract of thesis submitted to the Graduate School of Maejo University in partial fulfillment of the requirements for the degree of Master of Business Administration in Business Administration.

### **THE ANALYSIS OF SYSTEMATIC RISK OF BANKING AND SECURITIES & FINANCE COMPANIES COMMON STOCKS**

By

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OCTOBER 2000

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The analysis of systematic risks of banking and securities & finance companies common stocks was conducted to study three topics: 1) investigation of risks and returns; 2) estimation of systematic risks; and 3) determination of factors affecting the price of stocks in these two sectors. This study was based on daily data of stocks (from January 2, 1997 to December 30, 1997) with trading value in the first half of 1999 greater than 2,000 million baht by avoiding from those stocks that do not exist at present. Altogether, there were 24 stocks used in this study.

For the first topic, the realized returns and total risks based on standard deviation from mean realized return were used in this study. In the second topic, the Single Index Model of William F. Sharpe was used to estimate systematic risks of the stocks. In the third topic, in order to find factors affecting the price of the stocks an econometric model was used. From Linear Regression model and Log-linear Regression model, the model that had more Adjusted R-square value was chosen to study.

The result of the study showed that most stocks in the banking and the securities & finance sectors gave deficiency returns.

All stocks in these two sectors exhibited higher total risks than the average risk of the whole SET market. It was also found that those systematic risks in the securities & finance sector was lower than 50%. But in the banking sector, only the small banks showed systematic risks lower than 50%. The medium and the large banks indicated systematic risks higher than 50%.

Moreover, it was found that factors affecting the price movement of these two sectors were Interbank Loan Rate, Private Investment Index, and Consumer Price Index whose effects on all stocks were 83%, 83% and 75% respectively.