

ABSTRACT

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RATE OF RETURN AND RISK OF SECURITIES IN THE STOCK EXCHANGE OF THAILAND

By

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The stock exchange of Thailand is an organization supporting both direct and indirect capital which requires less capital than loans from the Financial Institutes. It provides investors a reward though there is a risk due to continuous asset price shifting.

This study aims to analyze and compare reward rate and risk bearing of assets in the sectors of finance, commerce, life and property insurance, capital gains, and rewards from share profits in which the company accumulates capital as a tool for the investors to invest the money effectively.

The research used secondary data on a quarterly basis for 20 superate quarters between the years 1992 and 1996. The Statistical Package for Social Sciences (C) was used to do statistical analysis and simple linear regression.

The results of the study indicated that investment shares in the Stock Exchange of Thailand from January 1992 to December 1996 had a

reward and risk bearing rate of 24.08 and 90.48 percent per year, respectively, whereas commercial bank savings had a reward rate of only 10.28 percent per year. The securities which offered the highest reward rate were the banking sector followed by finance and securities, life and property insurance, construction and decoration materials, respectively. Dynamic asset price (B) of the securities sector seemed to be faster than that of the market as a whole.

This study indicated that investment in the Stock Exchange of Thailand provides a high reward rate, but it also has a high risk bearing rate. This is because each asset and asset sector is influenced by different political, economic, industrial, international, and technological factors. These factors need to be evaluated when determining asset price and when selecting a time period for investment. Psychological factors were considered to reduce investor perceptions of risk bearing and good rewards from investment.