Monthinee Thongsit 2012: Trading Volume and Returns Relationship in Commodity Futures Exchange. Master of Science (Agro-Industry Technology Management), Major Field: Agro-Industry Technology Management, Department of Agro-Industry Technology. Thesis Advisor: Assistant Professor Tanachote Boonvorachote, D.B.A. 210 pages.

This study shows the relationship between trading volumes and returns in developed and emerging commodity futures exchanges. We employ GARCH models and show that trading volumes affect volatility of returns. However, trading volumes variables can reduce the impact of GARCH significantly. Moreover relationship between trading volumes and returns in developed commodity futures exchanges are positively contemporaneous. These evidences support the Mixture of Distribution model in developed commodity futures exchanges. However, trading volume variables can explain in return equation quite well in emerging commodity futures exchanges more than in well-developed commodity futures. This implies that well developed commodity futures exchanges are more efficient in weak-form level. The result of the arrival of news in the market can have impact on volatility, and presence of the leverage effect would imply that bad news has a greater impact on volatility than good news does.

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