

Chattwat Jariyanantanate 2012: The Study of Liquidity Indices in the Security Exchange of Thailand. Master of Economics, Major Field: Economics, Department of Economics. Thesis Advisor: Mr. Saksit Budsayaplakorn, Ph.D. 90 pages

Measuring liquidity of investment is difficult and often overlooked. Therefore, this study attempts to create new liquidity indices and examine their performance. Furthermore, our study includes factors affecting market liquidity in the Stock Exchange of Thailand. The Correlation matrix and the Factor Analysis are used to test the performance of these indices. The Regression Analysis provides a useful tool to examine the relationships among liquidity indices and other economic variables by using monthly data of SET Index from July 2005 to June 2011.

Two new liquidity indices are provided in this paper. The empirical evidence indicates that one of our new indices has higher ability to explain the depth than any other indices used in several empirical studies. Results from the Regression model show that nominal effective efficiency rate and the SET index can affect the Depth and Gross domestic product and Consumer price index can affect the Resiliency. As a result, we suggest to use Illiquidity Ratio* to measure Depth and use Turnover-adjusted number of zero daily volumes to measure Resiliency and suggest that the Resiliency measure and their effect should be reexamine in the future.

Student's signature

Thesis Advisor's signature