

Khanokwan Noodam 2007: A Study of the Impact of Oil Prices on Inflation and Private Consumption of Thailand. Master of Economics, Major Field: Economics, Department of Economics. Thesis Advisor: Mr. Yodying Kongtong, Ph.D. 164 pages.

The objectives of this study were to examine situations of crude oil prices, the use of oil prices system structure in order to find ways and means to solve problems of high oil prices crisis as well as to study its impact on economic inflation and private sector consumption in Thailand during the year 1993-2006. The study has been conducted by using data gathered in the quarterly basis for 53 observations, starting from the 1<sup>st</sup> quarter of 1993 to the 1<sup>st</sup> quarter of 2006. Another method of study was in such the descriptive manner that explained how the situation of crude oil prices has been occurred amid existing oil prices system applied in the country which would lead to the recommendations for problem solving on such crisis. Therefore, a model of macro economic for inflation and private sector consumption has been made. A statistical assessment with the method of OLS has been applied to find an impact of high oil prices on the model

The study has resulted in valuable information of crude oil price situation, and that the change in oil prices directly affected, in the same direction of relationship, the change in inflation by 0.35 %. At the same time, it is found that, the interest's rate of commercial bank loan is the most affected factor to the inflation. Other factors are fuel oil prices, GDP, and currency amount respectively. The study indicates that the private sector consumption has not directly been affected by fuel oil prices but mostly affected by the change in real income. This is because fuel oil is the essential product for every day use of consumers and the government, for some periods of time has implemented the pricing control policy for maintaining economic stability, The people, therefore, cannot change their behaviors to response this situation promptly.

Thailand has still mainly depended on importing oil from abroad, and therefore, cannot avoid the problem of volatility of oil prices. The government measures that can cope with this problem are not many, but few of them, among other things are looking for new oil resources like in ASEAN and Asia Pacific countries for more proportion than existing ones, various measures to reflect the change of oil price structure in the country and including, the development of alternative energy.

Khanokwan Noodam  
Student's signature

Yodying Kongtong 22 March / 2007  
Thesis Advisor's signature