

Abstract

This research aims to study on the relationship between economic variables and Sector Indices as well as to create the models for predicting changing of Sector Indices in the Stock Exchange of Thailand based on economic variables. The research was conducted by studying on economic variables based on monthly data from May 2014 – December 2017 whereas obtained data were analyzed by using Multiple Regression and ordinary least squares. According to the result of analysis on Sector Indices in 28 sectors, it was found that: 1) Inflation rate had the same direction of relationship with Sector Indices with statistical significance in 12 sectors including Agribusiness, Food & Beverage, Fashion, Personal Products & Pharmaceuticals, Banking, Insurance, Steel, Construction Service, Property Fund & Real Estate Investment Trusts, Commerce, Media & Publishing, and Information & Communication Technology ; 2) Interest rate of government bond had the same direction of relationship with Sector Indices with statistical significance in Insurance, and Automotive ; 3) Nominal Effective Exchange Rate had the same direction of relationship with Sector Indices with statistical significance in Fashion, Banking, Finance & Securities, Mining, and Media & Publishing ; 4) Private Consumption Index had the same direction of relationship with Sector Indices with statistical significance in Finance & Securities, and Automotive. However, it was found that Professional Services had the opposite direction of relationship; and 5) It was found that Business Sentiment Index had no statistical significance with Sector Indices in all sectors. It was also found that most of obtained models had Adjusted R-Squared that was higher than 0.80 representing that could predict changing of Sector Indices over than 80%. There were only models in fashion, professional services, construction service, and mining that had Adjusted R-Squared less than 80% compared to 0.7917 0.7159 0.7049, and 0.5880, respectively.

Keywords: economic variables, Sector Index