Tassanee Choeipiaw 2019: The Influences of VIX Index and Macroeconomic Factors Affecting the Return on Thai Stock Indices. Master of Arts, Major Field: Applied Finance, Independent Study Advisor: Assistant Professor Nattawoot Koowattanatianchai, D.B.A. 74 pages

Globalization and financial liberalization benefit both developed and developing countries since they could have better risk sharing between countries through international investment, those who have excess national saving and those with shortage national saving. This led to a more inter-connected financial market which means market sentiment happens in one market can be swiftly spread into other markets.

In this study, we show that macroeconomics variables and VIX index (fear index) can be used to capture the change in selected major Thai stock indices which are SET50, SETHD, and FTSE SET Mid Cap. Weekly data from Jan 2014 to Dec 2018 shows that VIX index has statistically inverse relationship with Thai stock indices. Higher value of VIX index implies lower value of Thai stock indices, and vice versa. Exchange rate has an inverse relationship with Thai stock indices. In particular, when THB/USD exchange rate appreciates (lower THB per one USD), Thai stock indices move up. Oil price has a statistically positive relationship with SET50 and SETHD, but no relationship with FSTHM. GDP and short-term interest rate have no relationship with selected Thai stocks indices. Interestingly, fund flow from foreign investors (portfolio investment from foreign investors) has a positive relationship only with SET50, meaning that foreign investors invest mostly in Thai blue-chip stocks.

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