Independent study title	THE IMPACT OF MARKET VOLATILITY ON P/E RATIO IN THAILAND: EVIDENCE FROM SET50
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ABSTRACT

This study examines whether market volatility affects aggregate equity valuation in Thailand by using the monthly SET50 price-earnings ratio from January 2011 to December 2025. The analysis follows the valuation logic that higher uncertainty should increase the required return on equity and reduce the market multiple. The model controls for lagged P/E, expected inflation, the expected real rate, short-term and longer-maturity credit spread proxies, and the Thailand Production Index as a business-cycle measure. Volatility is measured in three ways: daily ARCH-M volatility, variance assuming mean return equals zero, and the Parkinson high-low estimator based on the daily high-low price range. The results show that the volatility coefficient is generally negative in the full sample but not statistically significant. In the pre-COVID period, however, all three volatility measures produce negative and statistically significant coefficients. In the post-COVID period, the relationship weakens and is no longer statistically reliable. The evidence suggests that the volatility-P/E relationship in Thailand is regime-sensitive: it is clearer in the more stable pre-COVID period, but less stable in the more erratic post-COVID environment.

Keywords: Market volatility, P/E ratio, SET50, Parkinson volatility, Thailand equity market