

# **THE MACROECONOMIC FACTORS THAT DETERMINE BULL STOCK MARKET IN THAILAND**

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## **Abstract**

This paper studies the predictability of the future bull stock market in Thailand using various sets of macroeconomic variables from January 1990 to December 2009. The series contain with public debt, inflation rates, interest rates, unemployment rates, money supply, exchange rate, aggregate output, and oil prices. This paper identifies the boom and recession periods in stock market by using naïve approach and Bry-Boschan dating algorithm. This paper also employs both in-sample and out-of-sample tests of predictive ability, with out-of-sample period covering from January 1999 to December 2009 for each variable. The results of monthly data on Stock Exchange of Thailand index show that narrow money supply growth and change in exchange rate are the most powerful predictors of the future bull stock market in Thailand.