



INFLUENCE OF OIL PRICE OVER STOCK INVESTMENT IN SET FOR SECTOR INDICES

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ABSTRACT

This study is to examine a cointegrated relationship between crude oil price and Thailand 25 sub sector indices via a Vector error correction model (VECM) with a daily data during June 3, 2006 to February 28, 2013. A method of Augmented Dicky Fuller suggests using a first difference data to avoid spurious problem. While a Johansen Cointegration test implied to focus a study only on sub sector indices that has an existing cointegrated equation which are Automotive, Paper&Printing Materials, Petrochemical&Chemical, Property Development, Commerce, Health Care Services, and Tourism&Leisure. But in conclusion from VECM and Granger Causality result suggest that oil price change can cause Petrochemical&Chemical and Tourism&Leisure index to change and has a positive relation with Petrochemical&Chemical index while has a negative impact to Tourism&Leisure index which also emphasize the past findings.

Keywords: VECM, Granger Causality, SET sub sector index, Crude oil price