



IMPLICATIONS OF WEATHER AND STOCK MARKET: EVIDENCE FROM THAILAND

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ABSTRACT

This study employs the model with the GJR-GARCH process to examine the impact of weather on stock market return and its volatility in Thailand during January 4th, 2001 until December 28th, 2012. The weather variables are temperature, relative humidity, rainfall and air pressure. The findings of this study show that the weather has no impact on Thai stock market return and its volatility since most of weather proxies show that there is no strong relationship between weather variables. This implies that stock market in Thailand may be efficient, and investors might be rational. This study has substantial implications for both individual investors and financial institutions in Thai stock market.

Key word: weather, stock market return, volatility