

Independent Study Title	DYNAMIC RELATIONSHIP AMONG FIXED INCOME MUTUAL FUNDS FLOW, EQUITY MUTUAL FUNDS FLOW, STOCK MARKET RETURN VOLATILITY AND INTEREST RATE VOLATILITY, EVIDENCE FROM THAILAND
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ABSTRACT

This paper explores the dynamic relationship among fixed income mutual funds flow, equity mutual funds flow, stock market return volatility and interest rate volatility in Thailand. GARCH model is used for estimating the conditional variance on both stock market return and interest rate volatility. According to Lertcharoenyong (2010) who found evidence is that daily mutual fund flow positively related to concurrent and lagged market volatility in Thailand, this paper will input additional variables; money market mutual fund flow, non-money market mutual fund flow and interest rate volatility; into VAR model. The results reveal that equity mutual fund flow positively related to stock market return volatility which is consistent with previous study. Nevertheless, fixed income mutual fund flow was not induced by interest rate volatility but mutual fund investors change their asset allocation between equity and money market mutual funds through time based on stock market return volatility.

Keywords: Mutual fund flow, Market volatility, Interest rate volatility