A Study of Factors Affecting the Gold Price in Thailand during 2005 - 2015

Natjaphak Jaraskunlanat
MBA, Graduate School of Business
Assumption University of Thailand

Thongdee Kijboonchoo, PhD
Senior Lecturer, Graduate School of Business
Assumption University of Thailand

Abstract

The objective of this study was to determine the factors that affected the Gold Price in Thailand during 2005 - 2015. Monthly data from January 2005 to March 2015 were used to analyze the impact of World Gold Price, Oil Price, Dow Jones Industrial Average, USD Index, Consumer Price Index, SET Index, Interest Rate, Exchange Rate, and Time Lag on the Gold Price in Thailand. Multiple regression analysis was employed in this study. The findings of this study had identified World Gold Price, Dow Jones Industrial Average, USD Index, Consumer Price Index, SET Index, and Time Lag as significant predictors of the Gold Price in Thailand. The result of this study would be useful to investors, individual buyers, and sellers for their analysis and decision making on trading gold profitably.

Keywords: gold price in Thailand, gold trading, gold investment, commodity, speculation

Introduction

Gold, a precious metal people all over the world value was not only used for the jewelry purpose but for investment as well. Particularly, the new investors who do not had knowledge about investment or the investors who do not had much time to monitor the assets they invested in, gold provides the opportunity for these investors as it was an asset that had high liquidity so the investors can sell it whenever they want and they do not had to monitor the price frequently like stocks. However, in the case of the experienced investors, adding gold into their portfolios would be another way to diversify the risk and increasing return. Moreover, gold was an asset with high liquidity as it can be sold to anyone anytime and anywhere. People around the world value gold the same way and are willing to hold it for any circumstances. Aside from cash, gold had the highest liquidity as it can be exchanged for cash immediately. Further, its value of money does not reduce much like other assets when they are sold. In addition, gold itself was a special commodity that had a currency value as it was mainly reserved by most central banks (Raktin, 2009).