

ABSTRACT

Stock market is one of the most popular investment alternative. Total investment volumes are derived from both domestic and foreign investors. Hence, this stock investment can be used as fund mobilization tool to stimulate the country's economic growth. Stock Exchange of Thailand (SET) index represents the movement of Thai stock market. If total buying volumes are greater than selling volumes, the upward trend of index will be achieved. Contrary, downward trend will be realized whenever there is a greater volume in selling. Therefore, this thesis is introduced to find out the relationship between SET index and the investors' trading activities. Furthermore, major variables which mainly influences investors' trading decisions are investigated.

Here, SET index, stands for the stock market movement, is used to find the relationship between net transactions of investors which are net buying volumes minus net selling volumes through the regression analysis of SPSS computer program. Macro variables taken into consideration include net transaction in previous period, exchange rate, interbank loan rate, Dow Jones Industrial Average, Nikkei index and Hang Seng index. As objectives setting, two sets of model are used in the multiple regression analysis to find out relationship between variables. The analysis cover for five years period of 1994 to 1998.

The findings of the study are summarized as objectives. For the first objective, it is found that only foreign investors have a relationship with SET index. It was found that 1 million baht increases in investment will cause 0.128 point increases in SET index. Set of variables are identified to test the relationship for the second objectives. Variables, listed in the methodology part, are introduced in the statistical testing. The results state that all variables, except Nikkei index, have significant relationships only to the foreign investor group.