

FORECASTING DEVALUATIONS OF THAI BAHT




PHORNCHANOK CUMPERAYOT

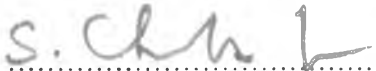
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Preface

The primary purposes of this thesis are, first, to establish an empirical model that is appropriate in predicting devaluation of Thai Baht, and second, to seek for the answer that recently Thai Baht has to be devalued or not. Tremendous efforts were also applied to achieve such these goals.

The studies can be divided into three steps. First is to study about Mexican crisis. Second is to study the whole picture of Thai economy in order to understand the similarities and differences between these two countries. Third is to study about literatures relating to BoP crisis, speculative attack and collapse of exchange regime to see evaluation of studies. Then model has been built.

For the results of this modified model, the movement of unconditional exchange rates over the time is corresponding with the movement of forward rates. The conditional forecasted exchange rates are very close to the exchange rates set when devaluations occurred. Although, the probabilities of devaluation did not attain the high level when devaluations occurred in the past three times, the probabilities of devaluation immediately reached local peaks.