Time series analysis of banking share returns in Thailand

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An index is constructed based on an equally weighted portfolio of seven major banking shares in Thailand. A GARCH (1,1) model is fitted to the time series of returns on this index for successive trading days from January 1994 to December 1999. During this period the logarithm of the volatility is well fitted by a stationary time series model comprising an additive combination of a single sinusoidal function with a period of six years, and an ARMA(1,1) model.

Some key words: bank share returns, share price index, time series analysis, GARCH model, stochastic volatility, ARMA model.