

Midterm

October 6, 2017

EE460: Thai Economy

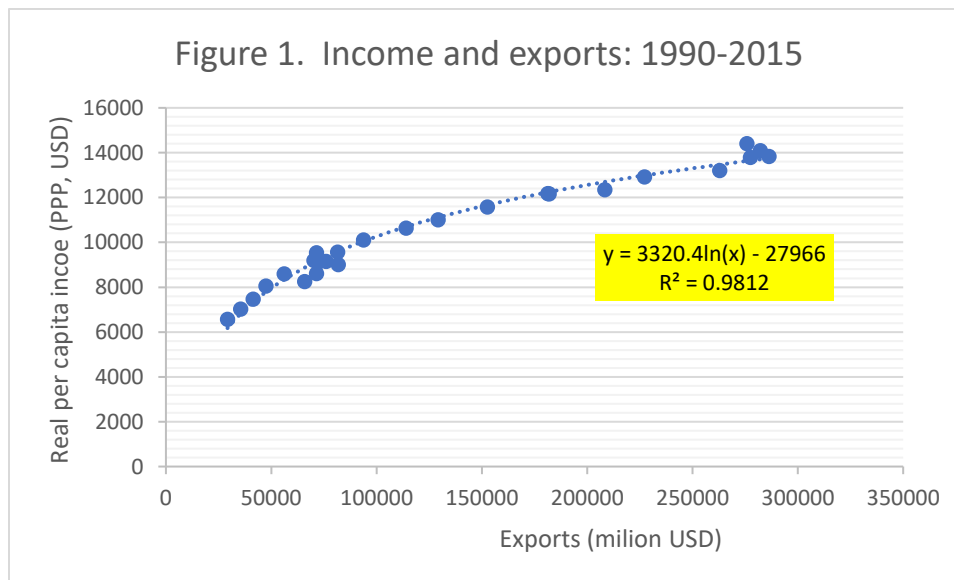
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Open book Midterm Exam

Answer all three questions.

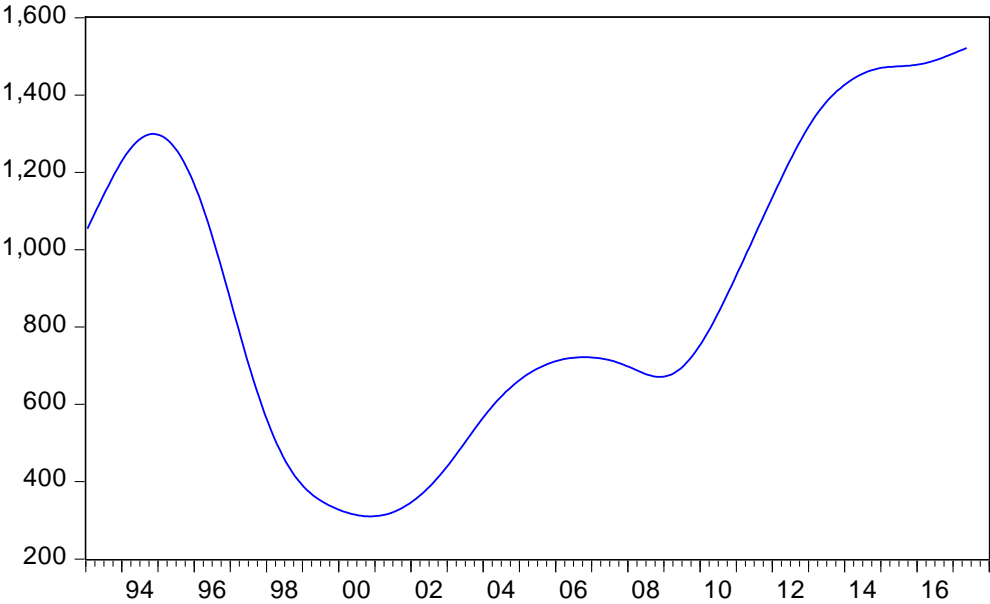
Each question carries 10 points.

1. Explain how international trade has contributed to economic development in Thailand by referring to Figure 1. Furthermore, compare and contrast patterns of trade and trade consequences between these two periods: 1850-1950 and 1990-2015.



2. The Thai stock market index (SET) has already hit the twenty-four years high in October 2017; It has been climbing toward 1,700 points. Does the rise reflect rational exuberance? Does the rising trend of the SET index (Figure 2) indicate higher long-term growth path of the economy?

Figure 2: SET on the rising trend



3. Examine the role of domestic credit in shaping business cycles in Thailand and Portugal (Figure 3). Discuss how Thailand's capital flows interacted with credit expansion, interest rates, and exchange rates.

