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## **THE SENSITIVITY OF THAILAND CORPORATE BOND VALUES TO INTEREST RATE CHANGES**

### **Abstract:**

The purpose of this study is to examine the volatility of the domestic corporate bond market value to changes in interest rates using duration and convexity techniques. The samples have been divided into two groups both of which have a coupon bond that pays interest semiannually. First, there is a seven-year corporate bond group. Second, there is a ten-year corporate bond group. The findings suggest that all seven-year bonds have the same level of price volatility when interest rates changes. The evidence also suggests that interest rate change effect ten-year corporate bond's price at the same level. This study concludes that, as a measure of a bond's interest rate risk, seven-year bonds tend to be less volatile when interest rates change in comparison with ten-year bonds. The duration is less than bond's maturity. The study finds evidence consistent with the typical results reported by previous studies. The price of corporate bonds move in the opposite direction of a change in interest rates, but the percentage change is not the same for all bonds.

### **Keywords:**

Duration, Convexity and Thailand

**JEL Classification:** G17