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Acceptance Letter

5 January 2020

Paper Title: The effects of economic news on stock returns in Thailand

Author(s): Phattharawadee Saelee

Dear Sir/Madam,

We are pleased to inform you that your paper, based on your abstract, has been accepted for the Regional Conference on Graduate Research 2020 to be held on 18 January 2020, Sripatum University, Khonkaen, Thailand. The Committee now needs to have confirmation from you that you will be able to submit your full paper to us by 10 January 2020 and that you will be able to present your paper in a 15 minute time slot during parallel session at the Conference. The paper should be no more than 4000 words, Times Roman 12pt and single-spaced. Please confirm that you will attend the conference to present your paper, notifying us as soon as possible, and no later than 15 January 2020. If I do not have confirmation from you by 15 January 2020, your 15 minute time slot will be allocated to a reserve speaker.

We would also like you to submit your PowerPoint presentation to us by 13 January 2020 so that we can give you feedback regarding the likelihood that your presentation will stay within the 15 minutes of allocated time. A member of our Committee will be in contact with you about this after we have had confirmation that you will attend the conference to present your paper. The conference program, and final session schedule will be delivered to you by 15 January 2020 through your email address, and we are looking forward to hearing from you.

With Warmest Regards,

A handwritten signature in black ink, appearing to read 'Vichit U-on'.

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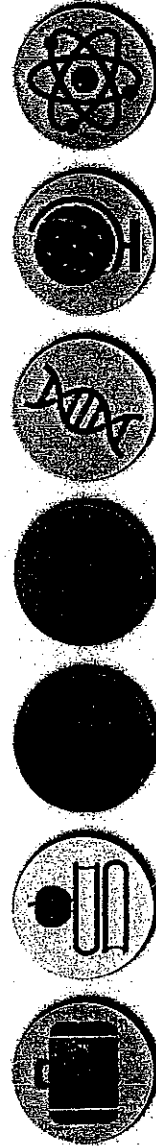
**Phatharamkul Saelee, Wannilak Chulaphan,
Jorge Fidel Banaaghoran Candres, and Tanchonok Weirananda**

Presented a paper on

The Effects of Economic News On Stock Returns in Thailand

The 5th Regional Conference on Graduate Research

Sripatum University, Khon Kaen Campus, Khon Kaen, Thailand



Vichit U-on

*Assoc. Prof. Dr. Vichit U-on
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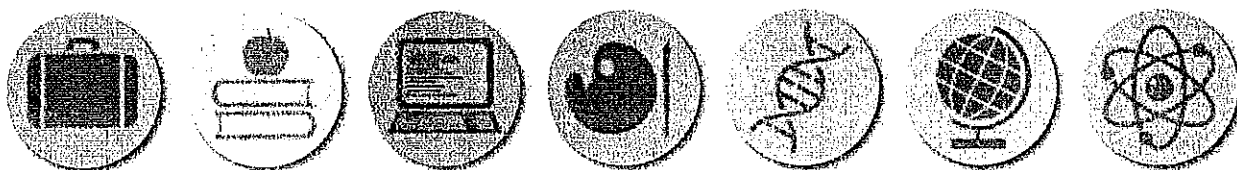
PROCEEDINGS OF

THE 5th REGIONAL CONFERENCE ON GRADUATE RESEARCH

THEME "SUSTAINABLE BUSINESS GROWTH, CHALLENGES,
MEASURES AND SOLUTIONS IN GLOBAL SCENARIO"

18 January 2020

Sripatum University, Khon Kaen Campus, Khon Kaen, Thailand



Editors:

Vichit U-on

George C. Hadjinicola

0054	11:20	11:40	The Development of Spelling Skill Achievement Using TGT Cooperative Learning Technique for Grade 4 Students BanNaAngkam School Loei Primary Educational Service Area Office 2 <i>Prapassara Junpae, Supachai Janpum, and Pimpilai Saengtup</i>
0056	11:40	12:00	Cooperative Learning Technique Learning Together With Social Media. to Promote Teamwork in Physics Subject Mechanical Balance. for Grade 10 Students <i>Natcha Bubpamalo, Paisam Worakham, and Natchanok Jansawang</i>
0057	12:00	12:20	Subtitling Swear Words in Netflix Series from English into Thai: A Case Study of "The End of the F***ing World" <i>Tareerat Hirunnukroa and Boonlert Wongprom</i>

Code	Session		Chair	Room	Start	Finish
SC1	Educational Administration and Planning 3		Dr. Sanae Komsommai	Floor 2, Room 303	11:00	12:20
0089	11:00	11:20	The Development of E-Book Instructional Media Fundamental Knowledge about Computer for M.1 of Khaokaew Wittayasan School, the Secondary Educational Service Area Office 19 <i>Dolnapha Polpan, Jirayu Srisangachai, and Jiraporn Loonprom</i>			
0090	11:20	11:40	Developing Reading Skills of Early Childhood by Using Multimedia of Inthornsuksa's Students in Office of the Private Education Commission <i>Jaruwan Kumbua, Pitak Polkacha, and Weeradet Xata</i>			
0092	11:40	12:00	The Development of Division Skill through Activity Packages for Grade 3 Students at Ban Kokklang School, Khonkaen Primary Educational Service Area Office 4 <i>Kritiya Phetnak, Chakkaphan Chanchaen, and Virat Chareonchua</i>			
0093	12:00	12:20	STEM Education Enhances Problem Solving Abilities and Learning Achievement on Motion and Force of Grade 8 Students <i>Jinthanath Makchit, Paisan Worakham, and Nukool Kudthalang</i>			

Code	Session		Chair	Room	Start	Finish
SD1	Business and Marketing Management 1		Assoc. Prof. Dr. Vichit U-on	Floor 2, Room 304	11:00	12:20
0007	11:00	11:20	Risk Management for Reducing Electric Energy Costs with Balanced Scorecard <i>Pichai Triasom and Marut Khotphan</i>			
0027	11:20	11:40	Factors Affecting The Decision To Join The OCS / PCS Company in Bangkok Metropolitan Region <i>Nutawoot Thoanon</i>			
0037	11:40	12:00	The Relation Between Marketing Mix and Acceptance of Using MYMO Application by GSB in Kamalasai District, Kalasin <i>Chinapa Issaradeth and Nontipan Prayurhong</i>			
0045	12:00	12:20	Modern Management Approach of Restaurant Business in Khon Kaen Province <i>Nisarawan Piboonpompom</i>			

Code	Session		Chair	Room	Start	Finish
SE1	Accounting Finance and Banking 1		Dr. Sumana Chantharat	Floor 2, Room 305	11:00	12:20
0018	11:00	11:20	A Study of the Problems in Using Accounting Software Packages for Small and Medium Business in Khon Kaen Province <i>Goraphan Duangjaidee, Kittitit Kiattikhunnawong, Ratcharat Satittayasat, Kanchana Inphaen, Saowanee Lapitakchai, and Palakorn Wiangtai</i>			
0019	11:20	11:40	Readiness of SMEs Accountants in Accession to the ASEAN Economic Community in the Upper Northeastern Region <i>Duenchai Sonklang</i>			
0035	11:40	12:00	A Study of Demand of Knowledge on Accounting and Laws with a Good Life of Old People in Nong Daeng Chomphu District, Khon Kaen Province <i>Kanjana Promsoda, Kamontip Kumpaiwongpitug, Aphichaya Boonsri, Butsaba Kummanechan, Jiraporn Pralubrukha, and Palakorn Wiangtai</i>			

0036	12:00	12:20	The Effects of Economic News On Stock Returns in Thailand <i>Phattharawadee Saelee, Wanvilai Chulaphan, Jorge Fidel Barahona Caceres, and Tanchanok Bejrananda</i>
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Code	Session		Chair	Room	Start	Finish
SF1	Operation and Supply Chain Management		Dr. Virat Chareonchua	Floor 2, Room 306	11:00	12:20
0003	11:00	11:20	A Material Handling System Design in Rice Milling Process: A Case Study of Maekaew Rice Milling <i>Seksan Winyangkul, Nuttawat Taerin, Nakorn Chaiwongsakda, Prawet Anan-uea, Chayakorn Putakamnerd, Kwanruen Sinnarong, Watchara Watanarawee, and Wipobh Jaikhang</i>			
0004	11:20	11:40	Transportation Routing: A Case Study of Thanapiriya Public Company Limited <i>Seksan Winyangkul, Puoyanud Kornkaew, Nakorn Chaiwongsakda, Prawet Anan-uea, Chayakorn Putakamnerd, Kwanruen Sinnarong, Watchara Watanarawee, and Wipobh Jaikhang</i>			
0010	11:40	12:00	Analysis of the Supply Chain Management of Fresh-Cut Vegetable Packing House for Export to the United Kingdom <i>Kunrarat Worathatkitkun and Parthana Parthanadee</i>			
0068	12:00	12:20	Waste Reduction in Trailer Maintenance Process: A Case Study of Deuan Sawanh (thailand) Co., Ltd. <i>Jirachai Kulliab, Khunnapat Assawapritipong, and Sittichai Waengnern</i>			

Code	Session		Chair	Room	Start	Finish
SG1	Laws and Public Administration 1		Ms Nisarawan Piboonpompong	Floor 2, Room 307	11:00	12:20
0011	11:00	11:20	The Role of Lawyers and the Postmortem Examination <i>Santiphong Kumansing and Lert Thueaksaeng</i>			
0012	11:20	11:40	Professional Compulsory Liability Insurance Medical <i>Santiphong Kumansing and Porntap Aonrat</i>			
0013	11:40	12:00	The People Opinions of the Practices Good Governances Principle of the Government Offices of Loei Province and Nongbualamphu Province <i>Kalaya Yotcamlue</i>			
0014	12:00	12:20	The Security of the State above the Right to Privacy of Citizens: A Case Study of Chinese Facial Detection Technology <i>Najaree Chayaboot</i>			

Code	Session		Room	Start	Finish
SLB	Sunday Lunch Break		Food Court	12:20	13:20

Code	Session		Chair	Room	Start	Finish
SA2	Educational Administration and Planning 4		Dr. Cherdasak Srisangchai	Floor 2, Room 301	13:20	15:00
0026	13:20	13:40	The Development of Achievement in Solving Multiplication Problems by Using the Skill Practice Prathom 4 School under Loei Primary Education Service Area Office 1 <i>Santipron Puttathongsri, Jirayu Srisangchai, and Ngamprom Onbuakhao</i>			
0028	13:40	14:00	The Development of English Word Reading Ability by Using Phonics Method of grade 1 students at Banphailomnonsombut School Under Udon Thani Primary Education Service Area Office 3 <i>Chollada Suksamran, Chakkaphan Chanchaen, and Thanu Vongjinda</i>			

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The Effects of Economic News on Stock Returns in Thailand

by

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Abstract

This study examines the effect of economic news on stock returns in Thailand, we collected monthly data of economic news from January 2012 to October 2018 and classified into four groups including GDP, employment, energy market and monetary conditions. Our results showed that stock returns have significant on negative GDP news, positive energy news, and negative monetary news. On the other hand, we found that employment news are not significant on stock returns. Future study should find out other economic variables and data collection from other platforms.

Keywords: Economic News, Stock Return

1. Introduction

The effect of economic news on stock market have been a great number of researches in recently. The theoretical of asset pricing refer that factors that affect the investment opportunity set of economy should affect asset prices (Merton (1973), Breeden (1979)) economic factors are some of such factors, then news about economic news should also affect stock market. Nowadays, technological advance helping the social media make effectively, help people to easy to reach news by internet or social media and stock markets will response too fast after post news, example Twitter, Google news or Official Website, similar to Bollena et al., (2010), Nisar, Yeung (2018), Bystrom (2015) also found that social media has a significant on stock market and Li, Wang, Li, Liu, Gong, Chan (2014) found that in era of social media stock markets are sensitive to economic news. However, to study the empirical the effect of economic news on stock market is arduous, many researches failed to find the effect of economic news on stock market. For example, Flannery and Protopapadakis (2002) examine the market impact of 17 macroeconomic announcements and find that news relating to industrial production, unemployment and the GNP appears to have no significant impact on stock prices. Pearce and Roley (1985) found that the most markets reduced their statistical reporting on industrial production and unemployment, even after the previous expectations were taken into account. Ghent (2010) also fails to find a significant market reaction to GDP and unemployment news. Nevertheless, many studies cannot find the effect of economic news on stock returns but in different area will have different effect depend on each area in effect of economic news and stock market. For example, Boyd and Nicolo (2005) and McQueen and Roley (1993) found that news about rising unemployment has a negative effect on stock prices during economic contractions.

This study aims to fill the research gap by study that which groups of economic news effect stock returns and analyst the relationship between economic news and stock returns in Thailand. Then, at first, this study we examine how economic news effect stock returns in Thailand. Second, to study which groups of economic news mostly effect stock returns.

2. Literature Review

Stock return is, by definition, the gains or losses on investments over a specified period are shown as a percentage increase from the initial investment cost. The return on investment is recognized as income from security, including gain on investments. Nowadays, technological advance helping the social media make effectively, help people to easy to read news from internet or social media and stock markets will response too fast after post news. Luo et al., (2013) found that social media is a significant leading indicator of a number of firm equity values based on the software and hardware industries, example Twitter, Google news or Official Website (Bollena et al., (2010), Nisar, Yeung (2018), Bystrom (2015). Stock markets are sensitive to economic news especially in era of social media, Capital market enthusiasts rely on financial news to influence their perception of the market, their trading and investment's decisions. We use economic news in this study following the asset pricing theory, many economic factors have effect on stock market, asset pricing theory argues that factors that affect the investment opportunity set of economy should affect asset prices (Merton (1973), Breeden (1979)) macroeconomic factors are some of such factors.

Most papers from our reviews, they classify headlines news by either as a “positive” or a “negative” follow Lott and Hassett (2006), similar to classify data of the University of Michigan Consumer Sentiment Index, we apply this methodology but calculate in term of percentage of positive and negative news, after that we deduct the percent of negative news from percent of positive news follow Birz and Lott (2011). Classifications should be able to represent “good news” or “bad news” for investors’ expectations for future economic conditions. Most stock markets are sensitive with negative news (Chan (2003), Li et al., (2014), Li (2018), Wu et al., (2018), (Bystrom (2015), Dimpf (2011)) and particular in economic crisis period. However, to focusing only on positive and negative could not useful to predicts stock markets, to specific with kinds of news that effect stock market are help us to know which groups mostly effect stock market because Ghent (2007) found that have no significant on stock market reactions to GDP and unemployment news. In different economic, each area may have different effect about economic news and stock market. Many studies found that economic news effect stock market. For example, Boyd et al. (2005) and McQueen and Roley (1993) find that news about rising unemployment has a negative effect on stock prices during economic contractions. To classifications news wire from macroeconomic news, economic activities drives by macroeconomic factor then most factors also affect investment section in term of foreign direct investment and stock market.

3. Data

We collect economic news from Bangkok Post, a major business news that cover sector of business and economic in Thailand from 2012 to present time and have 932,357 followers on Bangkok Post Facebook page (October 2018). Each news is tagged with a time stamp showing the time that news was released, the dates help to classify news. We use monthly data from January 2012 to October 2018 (82 months). The relevant news is identified, we review every piece of news and classify in the either as a “positive” or a “negative” follow Lott and Hassett (2006). A “positive” when the information indicating improvement in current or future. “Neutral” news, when the information is neither deterioration nor improvement. In term of news represent about expectations based on poll of forecasters, we classify news as “positive” if news exceeds expectations, as “negative” if news come short of expectations.

GDP news is classified by following GDP equation and follow the supply-side theory. We collect news cover form commentary, statistical and special reports. For example of positive GDP news, on January 14, 2012 Bangkok Post wrote: “Yingluck Government Meets the People weekly talk show on NBT, the premier said the government would come up with economic stimulus measures to ensure a recovery as soon as possible.” which we classify as a “positive” because this information indicate improvement future economy due to economic recession.

Employment news is mostly represented about the Thailand’s minimum wages, entrepreneur cost, national and region labors, employment and unemployment rate, job turnover and labor market in AEC. The information covers statistic, report, and comment. For example of negative employment news, on February 27, 2015 Bangkok Post wrote: “General Motors said on Friday that it would phase out production of its Chevrolet Sonic cars in Thailand by midyear and lay off workers at its Rayong factory.” which we classify in negative group because they reduce their output and reduce labors, so unemployment increase and consumption may fall as reduction of output and labors.

Energy market news are mostly represented about the announcement of major price changes for energy such as crude oil or natural gas, production of energy in domestic and national, quota assignment, statistics on Thailand strategic petroleum reserves, petroleum balances. For example of negative energy news, on June 22, 2016 Bangkok Post wrote: "PTT Plc and Bangchak Petroleum Plc, the two state-owned market leaders, said on Wednesday they would increase the price of petrol 95 and all types of gasohol except E85, by 60 satang." which we classify in group of negative news because when oil price increase cause cost of production increase too and firm's profit may reduce.

Monetary conditions news we include a kind of bank, this group represent about Thailand monetary conditions such as interest rate, exchange rate or inflation that cover form of commentary and guidance by Bank of Thailand, senior official, policy makers and region banks. The sector of monetary conditions is an important sector that has direct effect on firms, especially of interest rate. For example of negative monetary conditions news, on October 3, 2012 Bangkok Post wrote: "The Bank of Thailand's 210-billion-baht soft-loan scheme for flood rehabilitation has only 2.2 billion baht left, which will be reallocated to other flood victims, says Pongpen Ruengvirayudh, deputy governor for financial institutions stability." which we classify in negative news because for reducing soft loan by the bank of Thailand, commercial banks also reduce loans. Then firms will borrow less and produce less too.

Stock returns, in this study uses the monthly return from the total stock return index as an aggregate Thailand equity returns (SET100), all data we taken from Stock Exchange Thailand (SET) in total return index daily stock files. After that we calculate all data to be monthly by summarize in each day and divided by total days in each month.

4. Research Methodology

The regression can help us understand how close our calculations are to reality. The regression estimation is used to describe the relationship between variables. Therefore, in this study we utilized regression model to estimate the effect between economic news and stock returns in Thailand. Following the equation below.

$$Y = a + b_1 \text{ GDP_pos} + b_2 \text{ GDP_neg} + b_3 \text{ Emp_pos} + b_4 \text{ Emp_neg} + b_5 \text{ Ene_pos} + b_6 \text{ Ene_neg} + b_7 \text{ Mon_pos} + b_8 \text{ Mon_neg} + e$$

Where Y, GDP_pos, GDP_neg, Emp_pos, Emp_neg, Ene_pos, Ene_neg, Mon_pos, Mon_neg, represent total stock return index, positive GDP news, negative GDP news, positive employment news, negative employment news, positive energy market news, negative energy market news, positive monetary policy news and negative monetary policy news respectively.

5. Result and Discussion

Table 1 Regression Results of Economic News on Stock Return in Thailand

	Dependent variable: Total Stock returns index (1 SETTRI)		
	Coefficient	Std. Error	p-value
Const	11.5456	0.0910	<0.0001***
GDP_pos	0.0014	0.0023	0.5437
GDP_neg	0.0040	0.0021	0.0644*
Emp_pos	0.0105	0.0068	0.1253
Emp_neg	-0.0025	0.0055	0.6531
Ene_pos	0.0067	0.0028	0.0229**
Ene_neg	-0.0009	0.0054	0.8630
Mon_pos	0.0040	0.0032	0.2176
Mon_neg	-0.0090	0.0049	0.0717*
Time	0.0069	0.0008	<0.0001***
Observations	83		
R-squared	0.7715		
Adjusted R-squared	0.7433		
Durbin-Watson	2.0896		

Note: *, **, and *** represent 10%, 5%, and 1% significance levels, respectively.

Table 1 show the regression result of economic news variables on stock return in Thailand for the period January 2012 to October 2018. We find that stock return in Thailand is sensitive to negative GDP news and monetary news. Similar to Chan (2003), Li et al., (2014) and Li (2018) also find that most stock markets are sensitive with negative news. We find significant on Thailand stock return to negative GDP news, news release that GDP tends to fall or decrease the movement in economic activities. Following the investment theory, the Company's total profit increase when the economy grows and the company's total profit fall when economy recession follow MSCI (2010), Herrmann (2016) and the earning per share (EPS) depend on company's total profit, then when negative GDP news decrease, stock return should decrease too but from our result we find an increase in negative GDP news cause rising in stock return when negative GDP news increase by 1 unit then stock return in Thailand significantly increase by 0.004%, at 10% level. It is inverse from the theory. From the supply-side theory, when economic recession, Bank of Thailand (BOT) will use expansionary monetary policy by reduce interest rate for stimulate domestic economy and improve investment because when interest rate fall, firms will increase employment and increase their capital for more productivity then their profit will increase and stock return will increase after rate fall. We find significant on positive energy market news to stock return, news release that falling in oil prices tends to increase or improvement the movement of economic activities, the energy market is an important factor in the production process in many firms, and Saari and Rashid (2007) find that when oil price increase that mean cost of production will increase, then their total profit will fall, thus the earning per share (EPS) will fall, but if oil price decrease that mean cost of production will fall and their total profit may increase then the earning per share (EPS) will increase. When positive energy market news increase by 1 unit then stock return significantly increases by 0.0067%, at 5% level. And we find that increasing in negative monetary policy news make stock

return fall. The interest rate is a one of monetary policy instruments and when interest rate increase it makes the overall economic growth slower and impacts the company's profits and stock prices. From the theory of investment which observe that higher interest rates will lead to lower stock valuation (Lawal et al., 2017), we found that when negative monetary news decrease by 1 unit then stock return significantly decrease by 0.009%, at 10% level. And we find no significant on employment news, Ghent (2007) also found that have no significant on stock market reactions to unemployment news and Birz and Lott (2011), Wu et al., (2018) found that employment news does not affect stock market.

6. Conclusion

This study analyzed the effect of economic news on stock returns in Thailand. We classified economic news by different aspects: GDP, employment, energy market, monetary conditions and classify in group of positive and negative. Our result find that stock returns are sensitive to negative GDP news and negative monetary news and positive energy market are significantly affected stock returns, whereas the relationship between employment news and stock returns are statistically insignificant. The implication of our study is relevant for market participants to understand the relationship between stock return and economic news for risk management of portfolios. The limitation of this study is data collection which had done only from Bangkok Post newspaper. Moreover, we classified economic variables only four groups because Bangkok Post newspaper cover only for four variables. Therefore, future research should investigate other economic variables and collect data from other platforms.

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ฝ่ายบัณฑิตศึกษา สำนักบริหารและพัฒนาวิชาการ
มหาวิทยาลัยแม่โจ้



บว. 44



คำร้องขอเปลี่ยนแปลงกำหนดวันสอบคุณวุฒิบัณฑิต/วิทยานิพนธ์/การค้นคว้าอิสระ

วันที่ 06 เดือน กุมภาพันธ์ ปี 2563

เรื่อง ขอเปลี่ยนแปลงกำหนดวันสอบ ☒ คุณวุฒิบัณฑิต ☐ วิทยานิพนธ์ ☐ การค้นคว้าอิสระ

เรียน ผู้อำนวยการสำนักบริหารและพัฒนาวิชาการ

ข้าพเจ้า (นาย/นาง/นางสาว) นางสาว ศศิวิมล ภูพวง รหัสประจำตัวนักศึกษา 5812701003

นักศึกษาระดับ ☒ ปริญญาเอก ☐ แบบ 1.1 ☐ แบบ 1.2 ☒ แบบ 2.1 ☐ แบบ 2.2

☐ ปริญญาโท ☐ แผน ก. แบบ ก(1) ☐ แผน ก. แบบ ก(2) ☐ แผน ข.

☒ ภาคปกติ ☒ ภาคพิเศษ เข้าการศึกษาตั้งแต่ภาคศึกษาที่ 1 ปีการศึกษา 2558

สาขาวิชา เศรษฐศาสตร์ประยุกต์ คณะ/วิทยาลัย เศรษฐศาสตร์

มีความประสงค์จะขอเปลี่ยนแปลงกำหนดวันสอบ ☒ คุณวุฒิบัณฑิต ☐ วิทยานิพนธ์ ☐ การค้นคว้าอิสระ

จากวันที่ 21 เดือน กุมภาพันธ์ พ.ศ. 2563 เวลา 14.00 น.

เป็นวันที่ 26 เดือน กุมภาพันธ์ พ.ศ. 2563 เวลา 13.00 น.

สถานที่สอบ ห้องเศรษฐบัณฑิต 1 EC408 ชั้น 4 คณะเศรษฐศาสตร์

เนื่องจาก

ประธานกรรมการในการสอบป้องกันคุณวุฒิบัณฑิต ศาสตราจารย์เกียรติคุณ ดร. มนัส สุวรรณ ผู้ทรงคุณวุฒิ ติดตามภารกิจเป็นประธานสภาในการ
ประชุมสภามหาวิทยาลัยราชภัฏเชียงใหม่ในวันดังกล่าว

จึงเรียนมาเพื่อโปรดพิจารณา

ลงชื่อนักศึกษา นางสาว ศศิวิมล ภูพวง

(นางสาว ศศิวิมล ภูพวง)

ความเห็นอาจารย์ที่ปรึกษา

รายชื่อคณะกรรมการ	ความเห็น	ลงนาม	วัน/เดือน/ปี
1. <u>ศาสตราจารย์ ดร. มนัส สุวรรณ</u>	อาจารย์ที่ปรึกษาหลัก	<u>มนัส สุวรรณ</u>	<u>7 / กพ / 63</u>
2. <u>ศาสตราจารย์ ดร. ประจักษ์ คุ้มคำ</u>	อาจารย์ที่ปรึกษา	<u>ประจักษ์ คุ้มคำ</u>	<u>7 / กพ / 63</u>
3. <u>ศาสตราจารย์ ดร. อำนวย คุ้มคำ</u>	อาจารย์ที่ปรึกษา	<u>อำนวย คุ้มคำ</u>	<u>7 / กพ / 63</u>
4. _____	อาจารย์ที่ปรึกษา	_____	____ / ____ / ____
5. _____	อาจารย์ที่ปรึกษา	_____	____ / ____ / ____