

Tarntip Boonkomrat 2009: Economic Factors Influencing the Basis of Ribbed Smoked Rubber Sheet No.3 in the Agricultural Futures Exchange of Thailand. Master of Economics (Business Economics), Major Field: Business Economics, Department of Economics. Thesis Advisor: Ms. Kanokwan Chancharoenchai, Ph.D. 148 pages.

Ribbed smoked rubber sheet no.3 is one of the underlying agricultural commodities in the Agricultural Futures Exchange of Thailand (AFET). The history has shown the spread price between the current price less of the future price, which is called Basis, in the AFET reflects a possibility of not only the inefficiency of use of the future contracts as hedging tool, but also an inefficiency of the AFET. Therefore, this research mainly investigates the market phenomenon and the predictive power of economic factors on the basis of ribbed smoked rubber sheet no. 3 in AFET during June 2004 to October 2008 associated with multiple regression analysis. Various tests of statistics, for example, serial correlation and unit root test are applied in this study to determine the most parsimonious and descriptively accurate model.

The result of analysis found the appropriate estimation model is the AR (1) method and shows that changes in various economic factors are correlated with Basis during this sample period. The statistical finding reveals that natural rubber usage is substituted by synthetic rubber usage derived from petroleum oil and the cost of exchange rate have positively explanatory power on rubber prices at the conventional level. Moreover, the monetary policy has statistically negative correlation to Basis as the reflection of negative effect of interest rate. As the statistical significance of those economic factors to estimate the change in spread price of the ribbed smoked rubber sheet no. 3, the AFET could possibly be categorized as semi strong efficiency form of price.

Therefore, the investors should seriously focus on the movement of other relevant factors and rubber market phenomenon to reach precise decision making on investment. In addition, the government and the other related organizations should foster proactive encouragement regarding to investment training and public reputation, Even though the AFET is still attractive to market, the lack of the knowledge about its role has significantly hampered. Thus, promoting the products of AFET should be seriously taken care in order to promote possibility of achievement towards the main key objectives of the future market and high capability of investors. Finally, the efficiency of market would potentially provide the market based approach decrease the government intervention in the market agricultural market.

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Thesis Advisor's signature

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