

## ABSTRACT

Thesis Title : Thai Import and Export Responses to Changes in  
Prices and Exchange Rates

Student's Name : Mr. Sorasak Boonmee

Degree Sought : Master of Economics Academic Year 1997

Advisor Committee :

1. Assoc. Prof. Dr. Kesom Homkachorn Chairperson
2. Assoc. Prof. Ati Thaiyanan
3. Mr. Boontham Racharak

The main purpose of this study is to analyse the determinants of trade flows that are export demand and import demand. The determinants comprise of real gross national product, relative price and real effective exchange rate during the period of 1964-1995. The macroeconomic model is provided under the theory of elasticity to explain the impacts of the shocks on export demand and import demand. This study also emphasizes on the magnitude and time path of the trade flows to changes in the exchange rates and to changes in the price level. A distributed lag therefore is imposed on the relative price and on the effective exchange rate.

The results of import demand function showed that real gross national product, relative price between import price and domestic price level together with real effective exchange rate affected import demand significantly. However, relative price made the most affectation on the variable and magnitude of the affectation was more than real effective exchange rate. This implies that price policy is more effective than exchange rate policy, given that the policymakers require the much changing on import demand. For the time path of import's result showing the total response time

of relative price was shorter than exchange rate and the import reaction to the changes of price level was quicker than exchange rate.

The export demand results showed that real gross national product of major trading partners, relative price between export price and world export prices together with real effective exchange rate affected export demand significantly. Real gross national product of trading partners gave the most affectation on export demand and relative price had a larger magnitude of affectation than real effective exchange rate. For the length of lags showing the total response time of exchange rate was shorter than relative price and the export reaction to the changes of exchange rate was quicker than the changes of price level.