Anond Jarenmoon 2006: An Analysis of Market Integration and Price Forecast of Thailand Ribbed Smoked Sheet No.3. Master of Science (Agricultural Economics), Major Field: Agricultural Economics, Department of Agricultural and Resource Economics. Thesis Advisor: Associate Professor Somporn Isvilanonda, M.A. 150 pages.

The objectives of this study were to analyze the market integration of ribbed smoked sheet no. 3 in Thailand among local, central, and international markets. Cointegration technique was employed to examine the relationship between the markets at horizontal and vertical levels. Box-Jenkins technique was employed for the forecast of RSS3 prices in major markets. The monthly time series data from 2000 to 2005 were used in this study.

The results of this study revealed that the entired major markets i.e. Singapore Tokyo, Hatyai, Songkhla and Surat Thani markets are significantly integrated but the directions between markets cannot be determined by using Granger Causality method due to the limitation of data for analysis.

In the analysis of price transmission, it is found that prices are transmitted perfectly in most markets. The study employed Vector Error Correction Model to examine the market adjustment between the major markets. Results showed that most of the major markets are adjusted towards the equilibrium, except for Hatyai market. Using Box-Jenkins in the price forecast, the results indicated that the appropriate form for all the time series of RSS3 prices are ARIMA (0,1,0). In other words, the RSS3 prices over five markets followed random walk process and can not be forecasted.

The study showed that the property of RSS3 markets were closely efficient at the level of Weak Form Efficiency due to the improvement in information technology. The study suggested that the concerned agencies should update the database regarding Para rubber regularly in response to the market adjustment. The daily time series data should be employed in the analysis for responding to the state of RSS3 trading. Furthermore, other relevant data should be used in compliment with price data for the better decision making process.

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