

Warut Samart 2011: An Analysis of Price Integration of Diesel, Biodiesel, and Oil Palm. Master of Science (Agricultural Economics), Major Field: Agricultural Economics, Department of Agricultural and Resource Economics. Thesis Advisor: Mr. Montchai Pinijitsamut, Ph.D. 114 pages.

This study aims to clarify the relationship between the price of oil palm fruit which are in agricultural market and the price of biodiesel (B100) and diesel which are in energy market. Price integration concept and vector error correction model were applied to prove whether palm oil producer in Thailand gain benefit from rising global oil price or not and if biodiesel (B100) price are involved in this circumstance.

The results show that under long run price equilibrium, the price of diesel, biodiesel (B100) and oil palm fruit are significantly linkage. The price of diesel and biodiesel (B100) have positive influence on the price of oil palm fruit. This means that oil palm producers would benefit from this situation. Such long-term relationship provide the opportunity to expand the capacity of oil palm production meanwhile farmers should take into consideration of the volatility of oil price and focus on managing price risk as well as improve production efficiency. So that, the government or relevant authorities should have policies and measures to enhance the understanding of oil palm growers in general as well as provide timely information to them.

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