

Prakaidaw Jongdee 2010: An Analysis of Intrinsic Price and Market Price of Gold Futures in Thailand Futures Exchange. Master of Economics (Business Economics), Major Field: Business Economics, Department of Economics. Thesis advisor: Mr. Jeerasak Pongpisanupichit, Ph.D. 200 pages.

The purposes of the study are (1) to study the role of Gold Futures Market in reducing the fluctuations of gold bar prices in Thailand, (2) to study the market price of gold futures contract comparing with the theoretical contract price referred to the price of gold market in England, Hong Kong and Thailand and (3) to compare the theoretical and market contract price of Gold Futures with the gold price in England, Hong Kong and Thailand in order to identify the movement of the contract price is similar to which market the most.

The results revealed that (1) Gold Futures Market had an important role in terms of reducing the fluctuation of the gold bar price in Thailand and (2) intrinsic price was not equal to the market price because of several assumptions in the determination of theoretical price couldn't be carried out in the real situation. Moreover, trading in the Gold Futures Market had just begun recently, consequently the trading volume and liquidity were rather insignificant. Moreover, it was found that this could make an arbitrage possible because the price of gold futures was out of the arbitrage band as well as the final settlement price was not in accordance with the concurrence theory of prices. The comparison between gold futures price in Thailand with gold spot price of the gold market in England, Hong Kong and Thailand indicated that the movement orientation of the two prices was in the same direction in all the 3 markets, since gold was regarded as the reference asset which had only one price in the world. The gold price in various countries would have so similar movement that could be treated as the same price after the unit adjustments were made.

The research results suggest that if investors were interested in gold futures investment, they should learn about investment information as well as the application of various types of investment in accordance with the investment purposes such as risk prevention from gold bar investment or speculation. The investors should pay more attention to daily account payment and follow market movements in order to protect forced sell problem.

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Thesis Advisor's signature