Abstract

A central idea is the law of one price. This paper studies the opportunity and profitability for Arbitrageur – Arbitrage SET50 Index Futures with SET50 Index Portfolio and ETFs - in Thailand derivative markets. To prove the derivative markets is Efficient market hypothesis in Thailand and studies impact of maturity in perfect market. I calculate opportunity and profitability by arbitrage band with underlying asset. My results suggest is inefficient market. Arbitrage profits and opportunities persist over time, similarity to previous experiences in other countries. The underpricing phenomenon was particularly strong. I insist that the inactive reverse cash and carry arbitrage due to short sale restrictions cause the SET50 Index Futures to remain underpriced. The maturity in perfect market have impact to fair price SET50 Index Futures cause the formula value has narrow of the band when over time. The impact of other factor that are influenced by time to expiration, such as dividend uncertainty, Interest rate uncertainty and mark to market flows.