Abstract

It is known that the price of gold bars in Thailand has risen continuously since 1999 comparing to that of the last decade. The significantly increase of gold bar prices has now changed the style of gold trade from the past.

Formerly, people purchased gold for decorative and savings purpose. However, at present people tends to change to their habit to purchase gold bars for investment instead. This is because investment in gold bars has less risk and has more return on investment than other types of investments; As a result, any studies or researches on factors that affect the price of gold will help individuals and funds to plan their investments more accurately.

This study aims to examine the gold bar market structure in term of production, importation and pricing determination and also the influencing factors on the adjustment of gold bars price in Thailand. To get the findings, the theory of demand and supply, theory of liquidity preference, monthly secondary data (from January 1999 to December 2008) and model of “Autoregressive Conditional Heteroscedasticity (ARCH)”, which was developed by economists name Robert F. Engle (1982), were applied.
The results showed that factors influencing the price of gold bars in Thailand are industrial production index, Interest Rate Avg., Dividend rate of listed companies in the Stock Exchange of Thailand, World Oil prices, Consumer Price Index, World gold bar prices and exchange rates baht per U.S. dollar. All factors mentioned above are based on assumptions to the theories and to the study.