Independent Study Title	MARKET INTEGRATION AND CROSS-COUNTRY INDICATORS: THE ASEAN-THREE CASE
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ABSTRACT

This study attempts to identify leading indicators among various economic, financial, external, and sentiment data for Thailand's business cycles, as well as to test the leading economic indices created by Bank of Thailand and Ministry of Commerce. The use of NBER approach for selection of suitable leading indicators is applied, followed by out-of-sample forecasting of GDP to cross check the accuracy of the forecasted series. Eleven indicators were qualified to be suitable leading indicators; all of them also performed well on forecasting GDP, as reflected by low root mean square error and high accuracy on direction change between each period.

Apart from Thailand's data, we also perform the same test to Malaysia and Singapore, in which the latter country displayed the strong performance from leading index. The result supports the claim that we should try utilizing sentiment data in the composite leading index. Lastly, it is found that most components in the official leading economic indices did not pass the test, so it is recommended to have a revision of the indices to replace poor-performance indicators with more promising ones.

Keywords: Leading economic indicator, Leading index, LEI, Business cycles, Turning point analysis, GDP