

REAL GDP PER CAPITA COINTEGRATION AMONG THE ASEAN5: Is There a Case for a Common Regional Currency?

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Abstract

This paper tries to determine the existence of cointegration among the ASEAN5 using their real GDP per capita data to provide a basis to further analyze the region as an optimum currency area. This was attempted using both Johansen procedures and an Error Correction Model (ECM) test. The results from both tests were consistent in that they both found that the real GDPs per capita among the ASEAN5 were not cointegrated. However, the combinations of Indonesia-Singapore, Singapore-Indonesia-Thailand, and Singapore-Indonesia-Malaysia-Thailand produced cointegration.