

DEMAND FOR SAWNTIMER IN SABAH

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ABSTRACT

Estimation demand for sawntimer in Sabah is very important for long term planning and decisions making in the timber industry. This study was conducted on demand for sawntimer and estimated the price elasticity, cross-price elasticity and income elasticity for sawntimer demand in Sabah. This study was covered of the period from years 1995 to 2014. The model for linear and log-linear demand was estimated using Ordinary Least Square Technique (OLS). The results of this study was indicated that the log-linear model is better than the linear model. The coefficient was showed that the price of sawntimer is not significant at the 5% level ($p > 0.05$). The results of this study was showed that the elasticity of sawntimer is the normal good and and inelastic (0.238). The cross-price elasticity of demand is the 0.033 and showed was plywood is a substitutes good and elastic. The income elasticity of demand was 0.582 showed that sawntimer is normal good. The log-linear model are as follows :

$$\mathbf{Ln\hat{Q} = 0.044 + 0.238 LnP_{t(st)} + 0.033 LnP_{t(ply)} + 0.150 LnGNP_t}$$