The study tests the evolving market efficiency of Thailand's stock market using the time-varying STAR model with a $p > 1$ lag. The model is flexible in that it can describe gradual or rapid changes in the efficiency level. The $p$ lags are general enough to incorporate information of up to $p$ days old into stock prices, as opposed to the 1 lag imposed by previous studies. Analysis of the daily SET index sample data from April 30, 1975 to May 11, 2011 shows that the market efficiency rose gradually rather than suddenly at certain periods. The degree of efficiency is significantly higher today than it has been in the past.

*Keywords:* market efficiency, information dissemination, time-varying STAR model

*JEL Classification:* G14

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