

“The Golden Game”

*Determination of the factors influencing the prices of Gold in
Pakistan*



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ABSTRACT

This paper studies some factors that are considered by many to be influencing the gold prices in the Pakistan's markets. It specifically studies and tends to observe the relationship of certain factors, highlighted by the past literature, and the prices of gold. This study pertains to the specific environment of Pakistan and tends to determine whether the relationship of factors - US Dollar/ Pak Rupee exchange rate, inflation rates, and interest rates (KIBOR) – exists or not and what is the elasticity of gold prices in relation to each of them. The present paper focuses on the time frame of the depression i.e. 2006 to 2012 (7years of which 2 years are pre-depression and rest are post depression). This paper studies the relationship through the usage of some regression statistical tools and uses their inter-relations to conclude and set an opinion. There are obviously certain limitations to study but this paper keeps in focus the major factors so that the deviation from the actual results is as low as possible. This paper concludes on what factor, of the listed above, is most dominant and most effective in determining which way the gold prices should move in future. This paper is equally helpful to the students studying dynamics of markets and businessmen that are related to the industry in any form.

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