

## **Impact of Oil and Gold Prices on Stock Market Index**

**Urooj Aijaz\*, Muhammad Faisal\*\* and Saad Meraj\*\*\***

### **Abstract**

*Stock Market Index is considered to be reflection of economic performance of the country and it has vital role in economy. Stock Market index takes impact of many important factors including macroeconomic variables. This research is conducted to examine the impact of Gold and Crude Oil prices on stock market index. The aim of the research is to study the relationship between prices of gold and crude oil and stock market index. This research is Explanatory Research by nature and relies on secondary data. Gold and Crude oil are selected as independent variables and Stock Market Index (KSE 100 Index) is dependent variable in this research. Monthly data of last 20 years (January 1995 to December 2015) was used in this research. Multiple Linear Regression was conducted to study the relationship between the independent variables and dependent variables. Test was conducted using SPSS and results were interpreted. The results of my research show that Gold Price has significant positive relation with Karachi Stock Exchange 100 index while Crude Oil has insignificant positive relation with Karachi Stock Exchange 100 Index. However, often they require government intervention to be retained at level that is most suitable for an economy. These variables have direct impact on the overall economy therefore it is very imperative that these variables not only remain in control of the government but the government should also be able to steer these variables for the betterment of the economy.*

*Keywords: Crude Oil Price, Gold Price, Stock Market, Index.*

### **Introduction**

Investors are keen to include those investments in their portfolios that have historically exhibited inverse relationships with stock market index as risk insurance. Likewise, gold investments both direct and indirect have fit this requirement for decades. Gold was one of the commodities that combated losses that occurred during period when stock prices fell

---

*\*Assistant Professor/Chairperson, Department of Economics, Jinnah University for Women, Karachi.*

*\*\*Assistant Professor, Bahria University, Karachi.*

*\*\*\*Students, Bahria University, Karachi.*