

## **GOLD AND OIL PRICE NEXUS USING OLS APPROACH: THE CASE OF OMAN**

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### **ABSTRACT**

To investigate the impact of the price of international crude oil on gold price movement in Oman market, this empirical paper has been written. The current study made a new effort to test the reliability and the validity of the model, adopting the very popular Ordinary Least Square (OLS) model, with random shock and past price as independent variable in relation to the Oman gold market. Simple Regression Model has been used to analyze the relationship having taking care of the normality distribution of residuals, serial correlation and heteroskedasticity issues in OLS. Daily international gold and oil price from January 2011 to September 2015 has been used for this study. Results showed that the residuals are suffering from heteroskedasticity and serial correlation, and not normally suggested and distributed that there is no influence of the international oil price shock on the gold price movement in Oman market.

**KEYWORDS:** OLS, Serial Correlation & Heteroskedasticity

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