

**Volume 31, Issue 3****Research Announcement****Oil and gold: correlation or causation?**

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This study used the monthly data spanning January-1986 to April-2011 to investigate the relationship between the prices of two strategic commodities: gold and crude oil. We examined this relationship through the inflation channel and their interaction with the index of the US dollar. We used different oil price proxies for our investigation and found that the impact of oil price on the gold price is not asymmetric but non-linear. Further, results show that there is a long-run relationship existing between the prices of oil and gold. Overall, the findings imply that the oil price can be used to predict the gold price.

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