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### Research Announcement

The shock of domestic gold price on stock price indices-an evidence of india

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#### Abstract

This paper investigates the impact of domestic gold price on stock price indices in India. In other words, the aim of this paper is to examine the long-term relationships among the gold price and stock market in India. The domestic gold price in India is continuously increasing due to its heavy domestic demand because of security, liquidity and diversified portfolio. A look at the historic data brings out that when the stock market crashes or when the dollar weakens, gold continues to be a safe haven investment because gold prices rise in such circumstances (Gaur and Bansal, 2010). The study is based on secondary data obtained from BSE database, NSE database and World Gold Council database for the period from January 2, 1991 to August 27, 2012. In the course of analysis, descriptive statistics, correlation and multiple regression test, unit root test, bivariate and multivariate cointegration analysis have been designed. Statistical results indicate that none of the series are normally distributed and they are positively correlated. Multivariate cointegration test result indicates that there exists a long-term relationship among the selected variables.

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