## **IIMK/WPS/155/ECO/2014/13**

## FORECASTING THE PRICE OF GOLD: AN ERROR CORRECTION APPROACH

Kausik Gangopadhyay<sup>1</sup> Abhishek Jangir<sup>2</sup> Rudra Sensarma<sup>3</sup>

Gold prices in Indian market may be influenced by a multitude of factors such as investment decision, inflation hedge and consumption motives. Gold prices are modelled using a vector error correction model. We identify investment decision and inflation hedge as prime movers of the data. We also present out-of-sample forecasts of our model and the related properties.

For further details, including copies of working papers, please write to:

Research, Conference & Publications Office, IIM Kozhikode, IIMK Campus PO, Kozhikode 673 570, Kerala, India

> Phone: (91)0495 2809238 Email: <u>rcp@iimk.ac.in</u>

<sup>&</sup>lt;sup>1</sup> Assistant Professor, Indian Institute of Management Kozhikode, IIMK Campus PO, Kozhikode– 673570, <u>email:</u> <u>kausik@iimk.ac.in</u>

<sup>&</sup>lt;sup>2</sup>NAV Capital LLP, Mumbai, India, email: abhijangir@gmail.com

<sup>&</sup>lt;sup>3</sup> Associate Professor, , Indian Institute of Management Kozhikode, IIMK Campus PO, Kozhikode– 673570, <u>email:</u> rsensarma@iimk.ac.in