



THE CAUSALITY EFFECT BETWEEN GOLD FUTURES
PRICE AND PHYSICAL GOLD PRICE IN ASIA.

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ABSTRACT**1.0 Background of study**

Gold derivatives trading are increasing throughout the year. As recently starting from October 2013, Malaysia starts to implement the Gold futures trading. The increasing of the trading in the market bring many debate issues includes the relations of the gold futures price to the gold spot price. Thus, this study aims to investigate the causality of the gold futures price to gold spot price whether both of them have relations to each other or vice versa while taking Asia countries as the sample. This study used Granger Causality (Granger, 1969) model to achieve the aims of this study. This study found that there is granger causality between the gold futures price and the gold spot price.

Keywords: Gold futures price, Gold Spot Price, Granger Causality