



**ANALYSIS OF ECONOMIC FORCES INFLUENCING THE
INCONSTANCY OF GOLD PRICE IN USA**

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Abstract

The inconstancy of gold prices (GP) in the world has been in chaos and this phenomenon has adversely affected the economic condition all over the world. The purpose of this study is to investigate the interconnection and the significance level between the GP and its determinants from the year 2002 to 2016 and this research also focusing on the world economic leader, USA. The technique used was Ordinary Least Square (OLS) method to show better result for the gold price volatility. There are several evidences that give positive results in supporting this research. To conduct this research, the determinants chosen are inflation rate (IFR), stock market (SM), crude oil price (COP) and the value of USD (USD) that can influence the gold price fluctuation. All the variables show significant level in affecting the movement of gold price. There is some major risk involved and potential investors must have massive knowledge about the factors influencing the gold price to avoid losses and the government, not only in USA but in all countries, must actively take part in controlling these variable as gold price fluctuation can give bad impact on the economy. The government's currency rationing policy tends to lessen the volatility, providing that the monetary policies or policy-induced change in exchange rate have stabilizing its determinants.

KEYWORDS: *Gold Price, Inflation Rate, Stock Market, Crude Oil Price, USD Value.*