



اُنِيُوْرْسِيْتِي تِيكْنُوْلُوْجِي مَارَا
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A STUDY ON DETERMINATION OF WORLD CRUDE OIL PRICES

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TABLE OF CONTENTS

TITLE PAGE	I
DECLARATION OF ORIGINAL WORK.....	II
LETTER OF TRANSMITTAL	III
ACKNOWLEDGMENT	IV
TABLE OF CONTENTS	V-VI
LIST OF FIGURES AND TABLES	VII
LIST OF ABBREVIATIONS	VIII
ABSTRACT	1
CHAPTER 1: INTRODUCTION	
1.1 Background of Study	2-4
1.2 Problem Statement	5-6
1.3 Research Objectives	7
1.4 Significant of Research	8-9
1.5 Hypothesis	10
1.6 Scope and Limitation	11
CHAPTER 2: LITERATURE REVIEW	
2.1 Introduction	12
2.1.1 Concept of oil production with oil price	13-14
2.1.2 Concept of oil consumption with oil price	15-16
2.1.3 Concept of oil inventories with oil price	17-19
2.2 Summary of Literature Review	20-22
2.3 Theory	23-24
2.4 Theoretical Framework	25

CHAPTER 3: DATA AND METHODOLOGY

3.1 Data Description	26
3.1.1 Dependent Variable	27
3.1.2 Independent Variables	28
3.2 Methodology.....	29

CHAPTER 4: FINDINGS AND RESULT

4.1 Introduction	30
4.1.1 Unit Root Test	30-32
4.1.2 Co-integration	33-34
4.1.3 Causality	35-36

CHAPTER 5: CONCLUSION AND POLICY IMPLICATION

5.1 Conclusion	37
5.2 Policy Implication	38

REFERENCES.....	39-40
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APPENDICES.....	41-61
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ABSTRACT

This paper investigates the factors that determine world crude oil prices using time series data with annually data starting from 1986 to 2015. This study are using Augmented Dickey Fuller and Philips Perron test to estimate whether the data are stationary or non-stationary. Johansen co-integration and Granger causality test are also conducted to estimates long-run and short-run determinants of world crude oil price. In Johansen co-integration trace test shows that there are long-run relationship between oil price, oil supply (production), oil demand (consumption) and oil inventories. However, in Johansen co-integration maximum Eigen test shows there are no integration between variables. Granger causality estimates the short-run causes of the world crude oil prices changes. The result shows that there is bidirectional causality between Brent crude oil price and oil consumption. Meanwhile, there is unidirectional causality between crude oil price and oil production