

PROJECT REPORT ON
“AN EMPIRICAL STUDY ON THE EFFECTS OF FLUCTUATION
IN FOREIGN EXCHANGE RATE ON INTERNATIONAL
BULLION PRICES”

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Submitted To



VISVESVARAYA TECHNOLOGICAL UNIVERSITY, BELAGAVI

In partial fulfillment of the requirements for the award of the degree of

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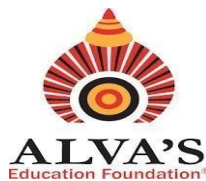
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CERTIFICATE

This is to certify that **SHWETHA SHETTY** bearing USN 4AL21BA084 is a bonafide student of Master of Business Administration course of the Institute in 2021-23, affiliated to Visvesvaraya Technological University, Belgaum. Project report titled "AN EMPIRICAL STUDY ON THE EFFECTS OF FLACTUATION IN FOREIGN EXCHANGE RATE ON INTERNATIONAL BULLION PRICES" is prepared by her under the guidance of **Dr. Vishnu Prasanna K N, Professor**, PG Department of Business Administration in partial fulfillment of the requirements for the award of the degree of Master of Business Administration of Visvesvaraya Technological University, Belgaum Karnataka.


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DECLARATION

I, Shwetha Shetty, hereby declare that the Project report entitled "An Empirical Study on the Effects of Fluctuation in Foreign Exchange Rate on International Bullion Prices" prepared by me under the guidance of Dr. Vishnu Prasanna K. N, Professor, M.B.A Department, Alva's Institute of Engineering And Technology. I also declare that this Project work is towards the partial fulfillment of the university regulations for the award of the degree of Master of Business Administration by Visvesvaraya Technological University, Belgaum. I have undergone a Project for a period of six weeks. I further declare that this project is based on the original study undertaken by me and has not been submitted for the award of any degree/ diploma from any other University/ Institution.

Place: Mijar, Moodbidri

Date: 04/09/2023


Signature of the student

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With regards,

Shwetha Shetty

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EXECUTIVE SUMMARY

There is a complex and dynamic relationship between foreign exchange rates and international bullion prices. The empirical study examined the effects of fluctuations in foreign exchange rates on international bullion prices. This study contains the prices of Gold and silver in the international market and different countries currency values.

This study examines the relationship between International gold and silver prices and foreign exchange rates. In this study, it has been observed that there is a positive correlation and covariance between international gold and silver prices and different countries currencies which means when currency value increases the values of gold and silver price also increases. This study also mentions that there is no Granger causality between precious metals and foreign exchange rates.

The various statistical tools are used to analyse the data and get results. Descriptive analysis is used to verify the correctness of the data. Correlation and Covariance is the statistical tool used to verify the relationship and range of variation between the international gold and silver prices and foreign exchange rates. The Granger causality test is used to verify the causality between two variables. Finally, the ADF test is conducted to check the stationary and non-stationary of time series.

Overall, the study suggests that fluctuation in foreign exchange rates can have significant effects on international bullion prices, which has important for investor and policymakers. When the values of currency get weaker the investor can invest in Gold and Silver.

The empirical study confirms that fluctuation in foreign exchange rates significantly affects international bullion prices. The findings highlights the importance of considering currency dynamics when analysing and forecasting bullion markets. The study's results provide valuable insight for investors, policymakers, and market participants, aiding their decision-making process in the bullion market. While this excutive summary provides a concise overview of the study's key findings, further analysis, and a detailed examination of the methodolgy and results of the full research report.