

**PROJECT REPORT ON  
INTERNATIONAL CRUDE OIL PRICE AND EXCHANGE RATE: A  
CAUSALITY STUDY**

**Submitted By**

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**(4AL21BA004)**

**Submitted To**



**VISVESVARAYA TECHNOLOGICAL UNIVERSITY, BELAGAVI**

**In partial fulfilment of the requirements for the award of the degree of  
MASTER OF BUSINESS ADMINISTRATION**

**Under the guidance of**

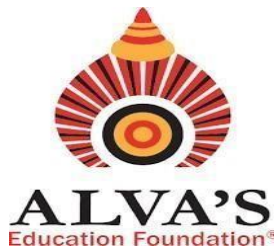
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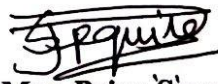
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## CERTIFICATE

This is to certify that **AKSHAYA** bearing **USN 4AL21BA004** 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 **"INTERNATIONAL CRUDE OIL PRICE AND EXCHANGE RATE: A CAUSALITY STUDY"** 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**

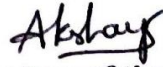
I, AKSHAYA, hereby declare that the Project report entitled “**International Crude Oil Price and Exchange Rate: A Causality Study**” prepared by me under the guidance of Dr. Vishnu Prasanna K N, Professor, PG Department of Business Administration, Alva's Institute of Engineering and Technology.

I also declare that this Project work is towards the partial fulfillment of the university regulations for the award of degree of Master of Business Administration by Visvesvaraya Technological University, Belgaum.

I have undergone a summer 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 university / Institution.

**Place:** Mijar

**Date:** 04/09/2023

  
**Signature of the student**

## **ACKNOWLEDGEMENT**

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**AKSHAYA**

**4AL21BA004**

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## **EXECUTIVE SUMMARY**

The International Crude Oil Price and Exchange Rate are two important factors that have a significant impact on the global economy. The relationship between International Crude Oil Prices and Exchange Rate is complex and dynamic, and is influenced by a variety of economic and geopolitical factors. Understanding this relationship is essential for policy makers, investors and businesses that operate in the global economy.

This paper has examined the causal relationship between the International Crude Oil Price and Exchange Rates such as USD/INR, YEN/INR, GBP/INR and EURO/INR using monthly data covering from January 2018 to December 2022. In this context, the analysis is done using Descriptive Statistics, Correlation Analysis, Covariance Analysis, Granger Causality Test, Augmented Dickey Fuller Test and T-test.

The current study suggests that as per the Granger causality test USD/INR, GBP/INR and EURO/INR has no evidence of a causal relationship with International Crude Oil Price. However only the International Crude Oil Price and YEN/INR has Uni-directional causal relationship.

As per Correlation Analysis the International Crude Oil Price and USD/INR as well as the International Crude Oil Price and GBP/INR has positive but weak correlation. On the other hand, YEN/INR has strong negative correlation.

Numerous research has proven a causative relationship between the International Crude Oil Price and the Exchange Rate. However, the current investigation has not identified any causality. Political developments, macroeconomic factors, natural disasters, changes in the global financial market, etc., can disrupt the regular operation of the market, temporarily deviating from the causal relationship. This is why there is no causal relationship between the International Crude Oil Price and the Exchange Rate.