

The Impact of Macroeconomic Factors on Tehran Stock Exchange Index during Economic and Oil Sanctions between January 2006 and December 2012

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Abstract : The aim of this paper is to evaluate Tehran's Stock Exchange (TSE) performance regarding with impact of four macroeconomic factors including world crude Oil Price (OP), World Gold Price (GP), Consumer Price Index (CPI) and total Supplied Oil by Iran (SO) from January 2006 to December 2012 that Iran faced with economic and oil sanctions. Iran's exports of crude oil and lease condensate reduced to roughly 1.5 million barrels per day (bbl/d) in 2012, compared to 2.5 million bbl/d in 2011 due to hard sanctions. Monthly data are collected and subjected to a battery of tests through ordinary least square by EViews7. This study found that gold price and oil price are positively correlated with stock returns while total oil supplied and consumer price index have negative relationship with stock index, however, consumer price index tends to become insignificant in stock index. While gold price and consumer price index have short run relationship with TSE index at 10% of significance level this amount for oil price is significant at 5% and there is no significant short run relationship between supplied oil and Tehran stock returns. Moreover, this study found that all macroeconomic factors have long-run relationship with Tehran Stock Exchange Index.

Keywords : consumer price index, gold price, macroeconomic, oil price, sanction, stock market, supplied oil

Conference Title : ICBMEF 2014 : International Conference on Business, Management, Economics and Finance

Conference Location : Kuala Lumpur, Malaysia

Conference Dates : February 13-14, 2014