

Assessing the Influence of Selected Macroeconomic Variables of Stock Price Indices in India

Amalendu Bhunia

Department of Commerce
University of Kalyani
Email: bhunia.amalendu@gmail.com

ABSTRACT

The present study assesses the influence of selected macroeconomic variables in terms of consumer price indices, GDP growth rate, unemployment, international crude oil price and interest rates on stock prices in India for the period between 1991 and 2013 using secondary quarterly time series data with the application of financial econometrics. Empirical results indicate that all the selected variables are stationary at I(1) level. Furthermore, bivariate cointegration test results advocated that sensex have long-term stability with all the selected variables except GDP growth rate. Multivariate cointegration test result designates that the selected series are cointegrated in the long-run.

Key words: Macroeconomic variables, stock price indices, India, unit root test, cointegration test, causality test.

JEL Codes: C4, C870, G00, G1.