

Convergence Test of Total Stock Index with Spot and Futures Oil Prices in Selected OPEC Member Countries

*Hatef Hazeri **

*Abdul Rahim Hashemi Dizaj***

*Pouran Panahzadeh****

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Abstract

The oil industry has always played an important role in the economies of OPEC member countries, and current and future oil price fluctuations are among the factors increasing or decreasing the stock market index in OPEC member countries. The process of convergence and divergence of the total stock index can cause changes in oil sales. Countries. Therefore, the purpose of this study is to test two research hypotheses that there is a convergence of current and future oil prices with the total stock index of member countries using the model of spatial econometrics. For this purpose, the convergence of Sigma and Beta in the combined data of OPEC 12 countries during the period 1995-2018 was investigated using the Anslin model for the spatial econometric test. The findings showed that there was a convergence between the future oil prices with maturities of 1, 3 and 6 months with the total stock index of OPEC member countries and a slow convergence between the instantaneous price and the total stock index of OPEC member countries compared to the future oil price.

Keywords: spot Price, Future Price, Stock Index, Convergence.

JEL Classification: H54, C21, F5, O19.

* Assistant Professor, Department of Economics, Faculty of Social Sciences, Mohaghegh Ardabili University, Ardabil, Iran.

Email: Hatef.hazeriniri@uma.ac.ir

** Assistant Professor, Department of Economics, Faculty of Social Sciences, Mohaghegh Ardabili University, Ardabil, Iran.

Email: a.hashemi@uma.ac.ir

*** Master student of financial management, Faculty of Social Sciences, Mohaghegh Ardabili University, Ardabil, Iran.

Email: Pouranpanahzadeh@gmail.com



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