

## **An Empirical Study on the Dynamic Relationship between Crude Oil Price and Stock Market Performance in Sri Lanka**

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### **Abstract**

The aim of this study is to examine the dynamic link between the price of crude oil and the performance of the Sri Lankan stock market. Monthly data from January 2011 to December 2020 will be analyzed, containing 120 monthly observations. The All Share Pricing Index (ASPI) will be utilized as a proxy for stock market performance in this study, while the Brent Crude Oil Price will be used as a proxy for crude oil price. To determine the link between independent and dependent variables in the bivariate and multivariate models, descriptive and regression analysis will be used. This study will determine the effect of crude oil prices on the stock market performance in Sri Lanka using a bivariate model, and will determine the effect of crude oil prices on the stock market performance in Sri Lanka using a multivariate model. Additionally, Johansen's cointegration test will be used to determine whether variables are related in the short or long run. This study will elucidate the relationship between oil price volatility and stock market performance. The findings of this study have significant consequences for domestic and international investors, policymakers and regulators, stock market experts, and future studies.

**Keywords:** *Colombo Stock Exchange, Stock Market Performance, Crude Oil Price, Consumer Price Index, Interest Rate*