Abstract

This paper looks at the possibility of bubbles in gold as the price have shown an explosive behaviour starting early 2000s. For the same, the paper looks at a long term equilibrium relationship in the factors affecting the price of gold as well as by performing various econometric tests including those of unit root tests and tests of cointegration. The paper concludes on the note that there is a long term relationship between the factors explaining the gold spot prices over the time period considered here. Hence, we reject the hypothesis of the possibility of a bubble.