



**OIL PRICE MOVEMENT AND THE ABNORMAL RETURN OF
RENEWABLE ENERGY INDEX**

ABSTRACT

Energy industry has been an interesting topic for the past decade. It is also triggered by the issue of environment and the amount of the energy source such as oil that lead to the development of renewable energy. This paper tries to examine whether there is a relationship between oil price and the performance of renewable energy stock which are represented by oil price return and the abnormal return of the renewable energy index. Method of ordinary least square (OLS) and vector autoregression (VAR) are used in this observation. Moreover, the author also tries to observe whether there is a difference between well-diversified renewable energy index and specific renewable energy index in terms of exposure to the oil price movement.

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