Inspira- Journal of Modern Management & Entrepreneurship (JMME)
ISSN : 2231–167X, Impact Factor : 2.3982, Volume 07, No. 02, April, 2017, pp. 152-156

PERFORMANCE ANALYSIS OF TOP OIL AND GAS COMPANIES WORLDWIDE WITH REFERENCE TO ITS PRICES

Dr. L.S. Bansal*

Abstract

Oil and gas industry is one of the largest industries worldwide and is involved in the exploration, extraction, refining, transport and marketing of oil and gas products. The present study has been undertaken to analyze the profitability, liquidity, financial health and efficiency of top five oil and gas companies worldwide based on revenue, net income and market value as per the values stated in the 2014 financial times, Global 500 list and principal operations with reference to crude oil prices from 2007 to 2014. Simple linear regression analysis has been employed to determine the statistical significance and degree of dependence between fluctuating crude oil prices and financial performance indicators. The present study revealed that fluctuating oil prices do not significantly impact the profitability, liquidity, efficiency and financial health of top oil and gas companies.

Keywords: *ROA, ROE, ROC, ATR, RTR, CER, DER, Market Values, Efficiency, Liquidity, Profitability, Fluctuating.*

Introduction

Oil and gas industries are one of the largest industries worldwide and are involved in the exploration, extraction, refining, transport and marketing of oil and gas products. Many industries are heavily dependent on oil and gas products in the form of energy, fuel or raw material for chemical products. The present study has been undertaken to analyze the financial performance of top five oil and gas companies based on revenue, net income and market value as per the values stated in the 2014 financial times, Global 500 list and principal operations with reference to crude oil prices from 2007 to 2014. Like prices of other commodities the crude oil price experiences wide fluctuations in times of shortage or oversupply. The history of oil prices dates back to 152 years of economic and political events that shaped he price, wars, economy, domestic policy, OPEC (Organization of petroleum exporting counties) and price control.

Review of Literature

Hammouddeh et al. (2004) use univariate and multivariate GARCH to examine volatility persistence in the crude oil market and its effect on the equity return volatility of the S&P oil sector.

Lanza et al. (2004) investigates the correlations of volatilities in the stock price returns and their determinates for the most important integrated oil companies.

Boyer and filion (2007) analyze the factors that explain the Canadian oil and gas company stock returns.

Elyasini, Mansur, Odusami (2011) examine the impact of changes in the oil returns and volatility on excess stock returns and return volatilities of thirteen U.S. industries using the GARCH (1,1) technique. They find strong evidence in support of the view that oil price fluctuations constitute a systematic asset price risk at the industry level as nine of the thirteen sectors analyzed includes oil related industry (Oil Extraction and Petroleum Refinery) which shows statistically significant relationship between oil-futures return distribution and industry excess return.

* Assistant Professor, Deptt. of Commerce, Government Degree College, Karera, Dist. Shivpuri, M.P.