

## Exploring relationship between oil prices and renewable energy investments

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### Abstract

**Subject/topic.** The current paper explores the relationship between oil price and renewable energy investments basing on the example of six countries: USA, Germany, Japan, China, India and Brazil. **Goals/objectives.** The purpose of the research is to understand whether renewable energy investments reflect the dynamics of oil prices, and to explain the reasons for the findings. **Methodology.** The study examines the relationship for the four time intervals using correlation tables. It also establishes whether the correlation is influenced by the share of oil in country's electricity generation and net share of oil imports in energy use. **Findings.** The results show weak correlation between oil price and investments in renewables, as well as low significance of control factors almost in all studied cases. However, it was also found that there is a tendency for growing renewable energy investments in the period of high oil prices. **Conclusions/relevance.** The results prove findings from literature review and support overall understanding that in recent decades, renewable energy investments decoupled from oil prices. There are two main reasons for that: first, renewable energy investments are largely incentivized by subsidies and support schemes; second, renewables and oil compete on different markets. **Practical significance.** Findings of the paper can help various stakeholders to understand renewable energy market, as well as to make investment decisions in renewable energy.

**Keywords:** *renewable energy, oil price, investments, correlation indices*

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