

Microeconomic analysis of crude oil production and investment spending growth rates in the oil sector of russian economy

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Abstract

The article presents econometric analysis of crude oil production and investment spending determinants of Russian oil companies. The study is based on microeconomic data. Five hypotheses are tested to produce estimates of the effect profitability, financial leverage, lag value of revenue growth, age and size of the company have on crude oil production volumes and investment spending of the companies. Investment activity is analyzed in terms of rates of growth of oil companies' property, plant and equipment, non-current assets and total assets. The sample is formed by 2004-2011 panel data for 200 companies with highest annual revenue, which according to All-Russia Classifier of Types of Economic Activity belong to the "Extraction of Crude Oil and Associated Gas". Quantitative estimates are obtained of interdependence between financial and investment policies of oil companies as well as of investing activities in connection with companies' life cycle.

Keywords

Companies' investments, Fixed effects model, Oil companies, Panel data