

Oil market pricing is highly susceptible to geopolitical and economic events. With the rapid development of information technology, energy market can quickly get external information shocks through the Internet. This thesis examines the relationship between prices of three oil benchmarks, CBOE Crude Oil Volatility Index, and Google search queries. We built VAR model to study Granger causality and to provide impulse response analysis. Results indicate both one side and two-side causal relationship between oil-related series and most of the search queries. Out-of sample forecasting with measures of predictive accuracy and Diebold-Mariano test demonstrated that Google trends can improve short-run prediction potential only for models with WTI price and volatility index.