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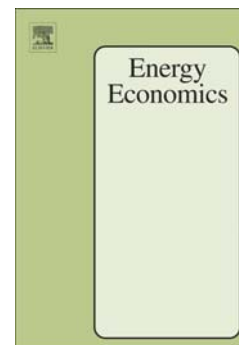
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# Oil price pass-through along the price chain in the euro area

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## Abstract

This paper analyzes how oil price shocks are transmitted downstream to producer and consumer prices in the euro area at the highest disaggregate level. In doing so, we first generate an appropriate database that identifies each industrial production sector with its corresponding price of consumer goods for the euro area. We next estimate a constrained vector autoregressive model. Our findings show a statistically significant increase in producer prices after an oil price shock for branches with high oil consumption, although this statistical pass-through is only partial. However, there is no evidence of a significant oil price pass-through to consumer prices for most branches, which suggests the adaptability of European producers from the most branches to higher oil price pressures without transmitting them to consumers (exceptions: *chemical* and *metal*).

**Keywords:** Oil price, Industrial prices, Consumer prices, Disaggregation

**JEL classification:** E23, E31, Q43

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