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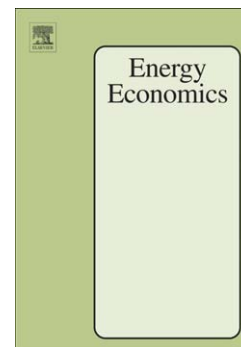
Estimating the Speed of Adjustment to Target Levels: The Case of Energy Prices

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ABSTRACT

In this paper, we propose a model that estimates the speed of energy price adjustment to its target level. We also explain the source of price adjustment. Moreover, we extract energy price bubbles and show that bubbles help explain price adjustment. Since ours is the first paper that develops an energy price adjustment model and links it to bubbles, several avenues for future research have emerged from our analysis. The first is to provide a theoretical framework for the bubbles and price adjustment mechanism. The second direction of research will be to continue the search for other potential determinants of price adjustment.

Keywords: *Price Adjustment; Energy Prices; Bubbles.*

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