

Author's Accepted Manuscript

Spillovers Between Food and Energy Prices and Structural Breaks

Alanoud Al-Maadid, Guglielmo Maria Caporale, Fabio Spagnolo, Nicola Spagnolo



PII: S2110-7017(16)30060-9
DOI: <http://dx.doi.org/10.1016/j.inteco.2016.06.005>
Reference: INTECO103

To appear in: *International Economics*

Received date: 7 May 2015
Revised date: 29 June 2016
Accepted date: 29 June 2016

Cite this article as: Alanoud Al-Maadid, Guglielmo Maria Caporale, Fabio Spagnolo and Nicola Spagnolo, Spillovers Between Food and Energy Prices and Structural Breaks, *International Economics*, <http://dx.doi.org/10.1016/j.inteco.2016.06.005>

This is a PDF file of an unedited manuscript that has been accepted for publication. As a service to our customers we are providing this early version of the manuscript. The manuscript will undergo copyediting, typesetting, and review of the resulting galley proof before it is published in its final citable form. Please note that during the production process errors may be discovered which could affect the content, and all legal disclaimers that apply to the journal pertain.

SPILLOVERS BETWEEN FOOD AND ENERGY PRICES AND STRUCTURAL BREAKS

Alanoud Al-Maadid^{1,2}, Guglielmo Maria Caporale^{1*},
Fabio Spagnolo¹ and Nicola Spagnolo¹

¹Department of Economics and Finance, Brunel University London, UK

²College of Business and Economics, Qatar University

July 5, 2016

Abstract

This paper estimates a bivariate VAR-GARCH(1,1) model to examine linkages between food and energy prices. The adopted framework is suitable to analyse both mean and volatility spillovers, and also allows for possible parameter shifts resulting from four recent events, namely: 1) the 2006 food crisis, 2) the Brent oil bubble, 3) the introduction of the Renewable Fuel Standard (RFS) policy, and 4) the 2008 global financial crisis. The empirical findings suggest that there are significant linkages between food and both oil and ethanol prices. Further, the four events considered had mixed effects, the 2006 food crisis and 2008 financial crisis leading to the most significant shifts in the (volatility) spillovers between the price series considered.

Keywords: Energy and food prices, VAR-GARCH BEKK model, Mean and volatility spillovers

JEL Classification: C32, F36, G15.

*We would like to thank participants at the Qatar Foundation Annual Research Conference, and two anonymous referees for helpful comments and suggestions. Corresponding author: Professor Guglielmo Maria Caporale, Department of Economics and Finance, Brunel University London, UB8 3PH, UK. E-mail: Guglielmo-Maria.Caporale@brunel.ac.uk

Download English Version:

<https://daneshyari.com/en/article/5106283>

Download Persian Version:

<https://daneshyari.com/article/5106283>

[Daneshyari.com](https://daneshyari.com)