

The Effect of Monetary Policy Shocks on the Price of Selected Oil Commodity Groups in Iran by Bayesian Var Method

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Abstract

Examining the dynamics of oil commodity prices at different times is of particular importance, as fluctuations in commodity prices can be a serious problem for policymakers. Monetary policy shocks are among the factors that can affect the price of petroleum products. Therefore, identifying as accurately as possible the factors affecting price changes can be of great help to policymakers. Due to this, the purpose of the present study is to investigate the effect of monetary policy shocks on price dynamics of selected petroleum products group in Iran using Bayesian Var model in the period of 2008-1 to 2017-4. Selected petroleum products include bitumen, slack wax oil and sulfur. The results showed that in the long run, liquidity, the price of slack wax oil and the price of sulfur had the greatest impact on the price of bitumen, slack wax oil and sulfur, respectively. Interest rates have been studied the least impact on commodities.

Keywords: Monetary Policy Shocks; Commodity Prices; Oil Sector; Bayesian Method.

JEL Classification: C22, E31, E52.

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