

Uncovering the time-varying nature of causality between oil prices and stock market returns : a multi-country study - Portal de Investigaciones Económicas

Uncovering the time-varying nature of causality between oil prices and stock market returns : a multi-country study

Borradores de Economía

Número:

1009

DOI:

<http://doi.org/10.32468/be.1009>

Publicado:

Martes, 1 Agosto 2017

Clasificación JEL:

C22, G12, G01

Palabras clave:

Causalidad variable en el tiempo, Precios del petróleo, Rendimiento del mercado de valores, Economía de mercados emergentes

[Descargar documento](#)

Lo más reciente

[Leyes de márgenes mínimos y fijación de precios en comercios multiproducto](#)

Daniel Herrera-Araujo, Jorge Florez-Acosta

[Trabajo de cuidado no remunerado y brechas regionales de género en la participación laboral en Colombia](#)

Luis Armando Galvis-Aponte, Adriana Marcela Rivera-Zárate

[Evaluación de los efectos de las recientes normas de provisiones sobre la asignación del crédito de consumo en Colombia](#)

Diego Fernando Cuesta-Mora, Fredy Alejandro Gamboa-Estrada, Camilo Eduardo Sánchez-Quinto

[Otras Publicaciones](#)

We study the relation between oil prices and stock market returns for a set of six countries, including important oil consumers and demanders. We study interconnectedness between oil and stock markets and characterize the dynamics of transmission and reception between them. We test for Granger causality between markets dynamically, endogenously identifying periods for which oil prices have responded to innovations in financial markets. Our results on connectedness show that the direction of transmission is mainly from stock markets to crude petroleum prices. Additionally, connectedness increased importantly around the global financial crisis, and reports high levels until 2014. Regarding causality, we find evidence of bidirectional relations between stock market returns and crude petroleum prices. Causality is stronger during times of financial volatility as well. Our results have important implications both for investors and policy makers.

Uncovering the time-varying nature of causality between oil prices and stock market returns : a multi-country study