

Oil Price Volatility and Consequences for Selected Oil-exporting Economies

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Abstract

This paper examines the impact of oil price volatility on economic growth of selected oil exporting countries (OECs). According to the theoretical sources, one of the possible channels through which there may be an adverse relationship between the abundance of natural resources and the economic growth is price volatility. Oil price volatility is higher than for other natural resources. In countries where oil revenues are high, oil price volatility can seriously affect macroeconomic stability. There is the possibility that countries will suffer for a double deficit. In this case, it is likely that this will exert pressure on country currency (the symptom of Dutch Disease). Commodity price volatility has an impact on the economy through fiscal policy. For the purpose of this paper, we tried to perform a random effect model in panel data analysis for eight OECs during the period 2000-2017. We found that the oil price volatility has a negative effect for major of the selected countries.

Keywords: Economic growth, GDP, Oil price, Volatility, Oil exporting countries