**Appendix A  
Data Description**

Data for OECD member countries included in the analysis (with the exception of Turkey) and those from South Africa are extracted from the OECD’s Main Economic Indicator (MEI) database. The three components are energy, food and non-alcoholic beverages, and all items less food less energy. Index data cover the period 1998–2010 except for Slovenia (first observation is January 2000) and South Africa (January 2002). In the case of Chile, the OECD series start in December 1998 and remaining 1998-data have been calculated with the spliced series published by Pedersen et al. (2009).

For non-OECD countries that are members of the European Union and for Turkey, the source is Eurostat. The three components of the harmonized consumer price index are energy, food including alcohol and tobacco, and an overall index excluding energy, food, alcohol and tobacco. CPI data from Romania start in December 2000.

Data from non-OECD South American and Asian countries have been calculated with series extracted from the CEIC database. CPI data from Colombia are available from January 1999 and those from Brazil from July the same year. Details of series utilized are reported below.

**Brazil:** Series used: National Consumer Price Index, IPCA: General [Dec93 = 100]; National Consumer Price Index, IPCA: Food and Beverages (FB) [Dec93 = 100]; IPCA: MoM%: Housing: Energy & Fuel [Aug99–Dec10]; IPCA: MoM%: Transport: Fuel [Aug99–Dec10]; IPCA: Weights: Food & Beverage (FB) [Jul06–Dec10]; IPCA: Weights: Housing: Fuel & Energy [Jul06–Dec10]; IPCA: Weights: Transport: Transport: Fuel [Jul06–Dec10]. Notes on calculation: Indices (jul–99 = 100) for the two energy components are created with the monthly inflation rates. Weights for the two energy components are maintained fixed from July 1999 to July 2006.

**Colombia:** Series used: Consumer Price Index [Dec08 = 100]; Consumer Price Index: Food & Beverages [Dec08 = 100]; Consumer Price Index: Gas [Dec08 = 100]; Consumer Price Index: Electric Power [Dec08 = 100]; Consumer Price Index: Fuel [Dec08 = 100]; Consumer Price Index: Lubricating Oil [Dec08 = 100]; CPI: Weights: Food & Beverages [1999–2010]; CPI: Weights: Housing: Fuel & Public Services: Fuels: Gas [1999–2010]; CPI: Weights: Housing: Fuel & Public Services: Public Services: Electric Power [1999–2010]; CPI: Weights: Transport & Communications: Personal Transport: Vehicle Expenses: Fuel [1999–2010]; CPI: Weights: Transport & Communications: Personal Transport: Vehicle Expenses: Lubricating [1999–2010]. Note on calculation: Weights for 2008 equal to weights of 2009.

**Peru:** Series used: (DC)Consumer Price Index (CPI): Lima [1994 = 100, Jan98–Dec01]; Consumer Price Index (CPI): Lima [Dec01 = 100, Dec01–Dec2009]; (DC)CPI: Lima: Food and Beverage: Food and Beverage [1994 = 100, Jan98–Dec01]; CPI: Lima: Food and Beverage: Food and Beverage [Dec01 = 100, Dec01–Dec09]; (DC)CPI: Lima: House, Combustible and Electricity: Fuel and Electricity [1994 = 100, Jan98–Dec01]; CPI: Lima: House, Combustible and Electricity: Fuel and Electricity [Dec01 = 100, Dec01–Dec09]; CPI: Weights: Lima: Food & Beverage [2009]; CPI: Weights: Lima: House, Combustion & Electricity: Fuel & Electricity [2009]. Notes on calculation: Indices Dec2001 = 100 are created with monthly changes calculated with the indices 1994 = 100. Weights are fixed 2009 weights.

**Hong Kong:** Series used: Composite Consumer Price Index [10/04-9/05 = 100]; Composite CPI: Food [10/99–9/00 = 100, Jan98–Sep99]; Composite CPI: Food [10/04–9/05 = 100, Oct99–Dec09]; Composite CPI: Fuel and Light: Electricity [10/94–9/95 = 100, Jan98–Sep99]; Composite CPI: Electricity, Gas & Water: Electricity [10/99–9/00 = 100, Oct99–Sep04]; Composite CPI: Electricity, Gas & Water: Electricity [10/04–9/05 = 100, Oct04–Dec09]; Composite CPI: Fuel and Light: Liquefied Petroleum Gas [10/94-9/95 = 100, Jan98–Sep99]; Composite CPI: Electricity, Gas & Water: Liquefied Petroleum Gas [10/99–9/00 = 100, Oct99–Sep04]; Composite CPI: Electricity, Gas & Water: Liquefied Petroleum Gas [10/04–9/05 = 100, Oct04–Dec09]; Composite CPI: Fuel and Light: Towngas [10/94–9/95 = 100, Jan98–Sep99]; Composite CPI: Electricity, Gas & Water: Towngas [10/99–9/00 = 100, Oct99–Sep04]; Composite CPI: Electricity, Gas & Water: Towngas [10/04–9/05 = 100, Oct04–Dec09]; Composite CPI: Transport: Motor Fuel and Lubricant [10/94–9/95 = 100, Jan98–Sep99]; Composite CPI: Transport: Motor Fuel and Lubricant [10/99–9/00 = 100, Oct99–Sep04]; Composite CPI: Transport: Motor Fuel [10/04–9/05 = 100, Oct04–Dec09]; Composite CPI: Weights: Food [Apr06–Dec09]; Composite CPI: Weights: Electricity, Gas & Water: Electricity [Apr06–Dec09]; Composite CPI: Weights: Electricity, Gas & Water: Towngas [Apr06–Dec09]; Composite CPI: Weights: Electricity, Gas & Water: Liquefied Petroleum [Apr06–Dec09]; Composite CPI: Weights: Transport: Motor Fuel [Apr06–Dec09]. Notes on calculation: Indices (10/04–9/05 = 100) constructed with monthly changes of indices with different base year. Weights are assumed fixed.

**Philippines:** Series used: Consumer Price Index [2000 = 100]; CPI: Food [2000 = 100]; CPI: Fuel, Light & Water (FW): Fuel [2000 = 100]; CPI: FW: Light: Electricity [2000 = 100]; CPI: Svcs: TC: Transpo: AT: Oil, Gasoline & Diesel [2000 = 100]; CPI: Svcs: TC: Transpo: AT: Other Lubricants [2000 = 100]; CPI: Weights: Food; CPI: Weights: Fuel, Light and Water (FW): Fuel; CPI: Weights: FW: Light: Electricity; CPI: Weights: Svcs: TC: Transpo: AT: Oil, Gasoline & Diesel; CPI: Weights: Svcs: TC: Transpo: AT: Other Lubricants

**Singapore:** Series used: Consumer Price Index [2009 = 100]; Consumer Price Index: Food [2009 = 100]; CPI: By Item: Utility: Electricity Tariff [2009 = 100]; CPI: By Item: Utility: Gas Tariff [2009 = 100]; CPI: By Item: Utility: Liquefied Petroleum Gas [2009 = 100]; CPI: By Item: Private Road Transport: Petrol: 98 Octane [2009 = 100]; CPI: By Item: Private Road Transport: Petrol: 95 Octane [2009 = 100]; CPI: By Item: Private Road Transport: Petrol: 92 Octane [2009 = 100]; CPI: Weights: Food; CPI: Weights: By Item: Utility: Electricity Tariff; CPI: Weights: By Item: Utility: Gas Tariff; CPI: Weights: By Item: Utility: Liquefied Petroleum Gas; CPI: Weights: By Item: Private Road Transport: Petrol: 98 Octane; CPI: Weights: By Item: Private Road Transport: Petrol: 95 Octane; CPI: Weights: By Item: Private Road Transport: Petrol: 92 Octane.

**Taiwan:** Series used: Consumer Price Index (CPI) [2006 = 100]; CPI: Food [2006 = 100]; CPI: Housing: Water, Electricity & Gas Supply: Gas [2006 = 100]; CPI: Housing: Water, Electricity & Gas Supply: Electricity [2006 = 100]; CPI: TC: Fuels and Lubricants [2006 = 100]; Weights: As reported in footnote. Note on calculation: Weights are fixed.

**Appendix B:   
Model Specification**

*Table B1* presents numbers of lags included in each model compared to the suggested by Schwarz (SIC) and Akaike (AIC) Information Criteria,[[1]](#footnote-1) dummy variables included to eliminate effects of outliers and the three largest roots of the companion matrices of the systems. *Table B2* shows *p*-values of misspecification tests: Multivariate LM tests for no serial correlation of order one and four, univariate *χ*2 tests for no ARCH, and tests of no skewness compared to the normal distribution.[[2]](#footnote-2)

**Appendix C:**

**Country Results**

See *Table C1* and Table C2.

**Appendix D:  
Sensitivity Analyses**

See *Table D1*.

**Tables**

**Table B1 Lags, Dummies and Roots of Companion Matrix**

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Lags** | | |  | **Dummies** |  | **3 largest roots** | | |
|  | **Model** | **SIC** | **AIC** |  |  |  |  | | |
| AUT | 1 | 1 | 1 |  | 18, 25, 31, 62, 73, 88, 106 |  | 0.95 | 0.95 | 0.87 |
| BEL | 1 | 1 | 2 |  | 37, 85, 119 |  | 0.94 | 0.94 | 0.90 |
| BGR | 2 | 1 | 2 |  | 86, 116 |  | 0.95 | 0.92 | 0.92 |
| BRA | 4 | 2 | 12 |  | 47, 49, 59 |  | 0.97 | 0.91 | 0.91 |
| CAN | 1 | 1 | 1 |  |  |  | 0.89 | 0.89 | 0.89 |
| CHE | 2 | 1 | 8 |  | 20, 26, 37, 46 |  | 0.94 | 0.94 | 0.88 |
| CHL | 3 | 2 | 4 |  | 26, 52, 119, 134, 141 |  | 0.97 | 0.97 | 0.91 |
| COL | 2 | 2 | 5 |  | 19, 23, 25, 37 |  | 0.97 | 0.82 | 0.81 |
| CYP | 4 | 1 | 7 |  | 7, 25, 51, 53, 55, 119 |  | 0.88 | 0.88 | 0.83 |
| CZE | 4 | 1 | 7 |  | 7, 25, 37, 109, 119 |  | 0.95 | 0.93 | 0.93 |
| DEU | 2 | 1 | 4 |  |  |  | 0.91 | 0.91 | 0.90 |
| DNK | 2 | 1 | 3 |  | 93, 119 |  | 0.95 | 0.95 | 0.94 |
| ESP | 2 | 2 | 5 |  | 37, 40, 43, 46, 106, 118, 136 |  | 0.96 | 0.96 | 0.87 |
| EST | 2 | 2 | 12 |  | 105, 118, 121, 124 |  | 0.94 | 0.94 | 0.84 |
| FIN | 2 | 1 | 2 |  | 63, 109, 113, 130, 142 |  | 0.94 | 0.94 | 0.88 |
| FRA | 2 | 1 | 2 |  | 119 |  | 0.96 | 0.96 | 0.90 |
| GBR | 2 | 1 | 9 |  | 31, 41, 115 |  | 0.97 | 0.91 | 0.91 |
| GRC | 2 | 1 | 2 |  | 36, 41, 50, 73, 74 |  | 0.90 | 0.90 | 0.81 |
| HKG | 3 | 2 | 12 |  | 39, 63, 110, 117, 129, 141 |  | 0.98 | 0.98 | 0.89 |
| HUN | 3 | 1 | 5 |  | 19, 53, 85, 105, 127, 137, 139 |  | 0.96 | 0.92 | 0.92 |
| IRL | 3 | 2 | 4 |  | 12, 93, 122 |  | 0.95 | 0.93 | 0.93 |
| ISL | 2 | 2 | 2 |  | 99, 118, 120, 123, 124, 138 |  | 0.96 | 0.91 | 0.91 |
| ISR | 2 | 2 | 6 |  | 57, 119 |  | 0.89 | 0.86 | 0.86 |
| ITA | 2 | 2 | 5 |  | 25, 37, 49 |  | 0.94 | 0.94 | 0.94 |
| JPN | 2 | 2 | 2 |  | 21, 112, 113, 125, 142 |  | 0.96 | 0.83 | 0.83 |
| KOR | 1 | 1 | 2 |  | 114, 119 |  | 0.94 | 0.94 | 0.81 |
| LTU | 1 | 1 | 7 |  | 13, 25, 39, 109, 133 |  | 0.97 | 0.95 | 0.95 |
| LUX | 1 | 1 | 2 |  | 7, 106, 118 |  | 0.96 | 0.96 | 0.48 |
| LVA | 2 | 2 | 7 |  | 77, 89, 91, 106, 109, 119, 133 |  | 0.98 | 0.93 | 0.86 |
| MEX | 2 | 2 | 6 |  | 3, 12, 25, 31, 49, 53 |  | 0.96 | 0.84 | 0.84 |
| MLT | 1 | 1 | 12 |  | 60, 94, 118, 120, 132, 133 |  | 0.98 | 0.85 | 0.73 |
| NLD | 1 | 1 | 3 |  | 25, 85, 97, 127 |  | 0.94 | 0.93 | 0.93 |
| NOR | 2 | 2 | 2 |  | 31, 37, 43, 118, 126, 127, 138 |  | 0.99 | 0.95 | 0.75 |
| PER | 2 | 2 | 6 |  | 35, 51, 52, 63, 66, 71, 74 |  | 0.94 | 0.94 | 0.75 |
| PHL | 3 | 3 | 6 |  | 11, 13, 25, 112 |  | 0.98 | 0.90 | 0.90 |
| POL | 2 | 2 | 2 |  | 8, 77, 78 |  | 0.97 | 0.92 | 0.81 |
| PRT | 2 | 1 | 2 |  | 87, 119 |  | 0.96 | 0.93 | 0.93 |
| ROM | 2 | 1 | 2 |  | 47, 50, 55, 104, 105, 133, 139 |  | 0.92 | 0.92 | 0.81 |
| SGP | 2 | 1 | 6 |  | 26, 38, 81, 109, 121, 133, 136 |  | 0.94 | 0.92 | 0.92 |
| SVK | 2 | 1 | 2 |  | 7, 10, 13, 14, 19, 25, 26, 38, 42, 48, 49, 61, 73, 82, 85, 94, 97 |  | 0.99 | 0.93 | 0.93 |
| SVN | 1 | 1 | 1 |  | 26, 106, 119 |  | 0.96 | 0.96 | 0.89 |
| SWE | 1 | 1 | 2 |  | 109, 133 |  | 0.96 | 0.91 | 0.91 |
| TUR | 2 | 2 | 11 |  | 27, 28, 39, 40, 49 |  | 0.99 | 0.90 | 0.90 |
| TWN | 2 | 2 | 4 |  | 25, 26, 38, 50, 73, 76, 114, 118, 131 |  | 0.84 | 0.73 | 0.67 |
| USA | 4 | 1 | 7 |  | 88, 93, 119 |  | 0.94 | 0.94 | 0.89 |
| ZAF | 2 | 2 | 5 |  | 55, 59 |  | 0.94 | 0.94 | 0.85 |

*Note:* The numbers in the column “Dummies” refer to the observation after December 1998 such that, for example, “18” is a dummy for June 1999.

*Source:* Author’s elaboration.

**Table B2 *p*-values**

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **No serial correlation** | |  | **No ARCH (12 lags)** | | |  | **No skewness** | | |
|  |  | **Order 1** | **Order 4** |  | **Eq. 1** | **Eq. 2** | **Eq. 3** |  | **Eq. 1** | **Eq. 2** | **Eq. 3** |
| AUT |  | 0.13 | 0.52 |  | 0.05 | 0.13 | 0.90 |  | 0.52 | 0.32 | 0.05 |
| BEL |  | 0.12 | 0.42 |  | 0.23 | 0.22 | 0.08 |  | 0.57 | 0.66 | 0.94 |
| BGR |  | 0.61 | 0.45 |  | 0.77 | 0.19 | 0.12 |  | 0.16 | 0.05 | 0.91 |
| BRA |  | 0.30 | 0.27 |  | 0.08 | 0.98 | 0.71 |  | 0.23 | 0.63 | 0.19 |
| CAN |  | 0.11 | 0.94 |  | 0.06 | 0.54 | 0.27 |  | 0.18 | 0.12 | 0.64 |
| CHE |  | 0.75 | 0.21 |  | 0.72 | 0.38 | 0.08 |  | 0.34 | 0.58 | 0.18 |
| CHL |  | 0.11 | 0.10 |  | 0.14 | 0.07 | 0.05 |  | 0.06 | 0.51 | 0.42 |
| COL |  | 0.06 | 0.46 |  | 0.56 | 0.29 | 0.38 |  | 0.72 | 0.24 | 0.15 |
| CYP |  | 0.06 | 0.34 |  | 0.26 | 0.27 | 0.06 |  | 0.97 | 0.07 | 0.07 |
| CZE |  | 0.83 | 0.18 |  | 0.08 | 0.13 | 0.84 |  | 0.80 | 0.20 | 0.91 |
| DEU |  | 0.68 | 0.41 |  | 0.18 | 0.16 | 0.10 |  | 0.11 | 0.18 | 0.41 |
| DNK |  | 0.05 | 0.21 |  | 0.20 | 0.30 | 0.14 |  | 0.90 | 0.89 | 0.16 |
| ESP |  | 0.55 | 0.09 |  | 0.06 | 0.82 | 0.37 |  | 0.26 | 0.75 | 0.23 |
| EST |  | 0.30 | 0.08 |  | 0.39 | 0.81 | 0.10 |  | 0.90 | 0.08 | 0.65 |
| FIN |  | 0.95 | 0.76 |  | 0.15 | 0.25 | 0.71 |  | 0.14 | 0.11 | 0.05 |
| FRA |  | 0.37 | 0.28 |  | 0.76 | 0.56 | 0.93 |  | 0.12 | 0.39 | 0.37 |
| GBR |  | 0.67 | 0.32 |  | 0.73 | 0.40 | 0.06 |  | 0.16 | 0.72 | 0.14 |
| GRC |  | 0.31 | 0.84 |  | 0.69 | 0.11 | 0.51 |  | 0.19 | 0.06 | 0.68 |
| HKG |  | 0.48 | 0.21 |  | 0.14 | 0.50 | 0.29 |  | 0.13 | 0.13 | 0.06 |
| HUN |  | 0.37 | 0.05 |  | 0.07 | 0.97 | 0.28 |  | 0.63 | 0.94 | 0.49 |
| IRL |  | 0.19 | 0.34 |  | 0.06 | 0.28 | 0.23 |  | 0.89 | 0.16 | 0.15 |
| ISL |  | 0.18 | 0.07 |  | 0.01 | 0.57 | 0.15 |  | 0.15 | 0.58 | 0.15 |
| ISR |  | 0.15 | 0.12 |  | 0.34 | 0.62 | 0.22 |  | 0.91 | 0.86 | 0.50 |
| ITA |  | 0.06 | 0.06 |  | 0.27 | 0.57 | 0.32 |  | 0.30 | 0.06 | 0.93 |
| JPN |  | 0.33 | 0.10 |  | 0.09 | 0.20 | 0.95 |  | 0.18 | 0.71 | 0.33 |
| KOR |  | 0.55 | 0.21 |  | 0.23 | 0.62 | 0.13 |  | 0.68 | 0.14 | 0.06 |
| LTU |  | 0.05 | 0.74 |  | 0.26 | 0.08 | 0.46 |  | 0.57 | 0.87 | 0.57 |
| LUX |  | 0.05 | 0.08 |  | 0.31 | 0.19 | 0.42 |  | 0.35 | 0.80 | 0.05 |
| LVA |  | 0.28 | 0.07 |  | 0.14 | 0.10 | 0.94 |  | 0.88 | 0.06 | 0.16 |
| MEX |  | 0.07 | 0.44 |  | 0.17 | 0.40 | 0.89 |  | 0.10 | 0.38 | 0.13 |
| MLT |  | 0.09 | 0.89 |  | 0.01 | 0.09 | 0.62 |  | 0.58 | 0.47 | 0.24 |
| NLD |  | 0.09 | 0.47 |  | 0.61 | 0.26 | 0.44 |  | 0.45 | 0.55 | 0.16 |
| NOR |  | 0.05 | 0.46 |  | 0.12 | 0.10 | 0.08 |  | 0.41 | 0.30 | 0.22 |
| PER |  | 0.16 | 0.09 |  | 0.76 | 0.50 | 0.64 |  | 0.63 | 0.28 | 0.56 |
| PHL |  | 0.25 | 0.09 |  | 0.23 | 0.21 | 0.53 |  | 0.64 | 0.99 | 0.15 |
| POL |  | 0.20 | 0.54 |  | 0.13 | 0.30 | 0.30 |  | 0.67 | 0.10 | 0.39 |
| PRT |  | 0.07 | 0.74 |  | 0.19 | 0.05 | 0.77 |  | 0.52 | 0.84 | 0.45 |
| ROM |  | 0.59 | 0.36 |  | 0.28 | 0.07 | 0.09 |  | 0.73 | 0.10 | 0.41 |
| SGP |  | 0.18 | 0.28 |  | 0.05 | 0.38 | 0.28 |  | 0.18 | 0.38 | 0.08 |
| SVK |  | 0.69 | 0.15 |  | 0.10 | 0.41 | 0.33 |  | 0.35 | 0.32 | 0.77 |
| SVN |  | 0.55 | 0.78 |  | 0.25 | 0.12 | 0.85 |  | 0.15 | 0.71 | 0.06 |
| SWE |  | 0.08 | 0.57 |  | 0.34 | 0.35 | 0.08 |  | 0.63 | 0.05 | 0.43 |
| TUR |  | 0.09 | 0.07 |  | 0.13 | 0.76 | 0.32 |  | 0.89 | 0.06 | 0.70 |
| TWN |  | 0.14 | 0.32 |  | 0.07 | 0.53 | 0.54 |  | 0.13 | 0.48 | 0.26 |
| USA |  | 0.14 | 0.23 |  | 0.57 | 0.23 | 0.90 |  | 0.21 | 0.05 | 0.54 |
| ZAF |  | 0.13 | 0.31 |  | 0.33 | 0.88 | 0.87 |  | 0.59 | 0.21 | 0.48 |

*Note*: Eq. 1 is the equation for energy prices, Eq. 2 is for food prices, and Eq. 3 for core inflation rates.

*Source*: Author’s elaboration.

**Table C1 Effect on Core CPI of a Unit Shock to Energy Prices**

(percentage points of annual inflation rate)

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | **First**(a) | **Last**(a) | **3M**(b) | **6M**(b) | **12M(b)** | **Max**(c) | **Month**(c) |
| AUT | N/A | N/A | 0.01 | 0.01 | 0.02 | 0.02 | 17 |
| BEL | N/A | N/A | 0.00 | 0.00 | 0.01 | 0.01 | 16 |
| BGR | 6 | 37 | 0.05 | 0.08 | 0.12 | 0.13 | 16 |
| BRA | 0 | 26 | 0.08 | 0.10 | 0.11 | 0.12 | 10 |
| CAN | N/A | N/A | 0.00 | 0.01 | 0.01 | 0.01 | 11 |
| CHE | 0 | 18 | 0.01 | 0.02 | 0.01 | 0.02 | 7 |
| CHL | 1 | 16 | 0.09 | 0.11 | 0.09 | 0.11 | 7 |
| COL | 4 | 8 | 0.06 | 0.08 | 0.06 | 0.08 | 7 |
| CYP | 11 | 19 | 0.00 | 0.02 | 0.03 | 0.03 | 12 |
| CZE | 0 | 2 | 0.05 | 0.00 | -0.04 | 0.05 | 2 |
| DEU | N/A | N/A | -0.01 | -0.01 | 0.00 | -0.01 | 4 |
| DNK | 11 | 33 | 0.01 | 0.01 | 0.02 | 0.03 | 18 |
| ESP | 3 | 25 | 0.02 | 0.04 | 0.06 | 0.06 | 13 |
| EST | 4 | 13 | 0.03 | 0.05 | 0.06 | 0.06 | 10 |
| FIN | 4 | 11 | 0.02 | 0.03 | 0.02 | 0.03 | 8 |
| FRA | 19 | 34 | -0.01 | -0.01 | 0.01 | 0.02 | 22 |
| GBR | 1 | 1 | 0.01 | 0.00 | -0.01 | 0.02 | 1 |
| GRC | 6 | 16 | 0.00 | 0.02 | 0.02 | 0.02 | 9 |
| HKG | 7 | 45 | 0.02 | 0.03 | 0.06 | 0.10 | 28 |
| HUN | N/A | N/A | 0.01 | 0.01 | 0.02 | 0.03 | 1 |
| IRL | 0 | 7 | 0.08 | 0.08 | 0.06 | 0.08 | 3 |
| ISL | 2 | 10 | 0.07 | 0.10 | 0.10 | 0.10 | 9 |
| ISR | N/A | N/A | -0.03 | -0.07 | -0.06 | -0.08 | 8 |
| ITA | 12 | 23 | 0.01 | 0.02 | 0.02 | 0.02 | 14 |
| JPN | 1 | 33 | 0.04 | 0.04 | 0.04 | 0.04 | 7 |
| KOR | 1 | 22 | 0.04 | 0.06 | 0.06 | 0.06 | 9 |
| LTU | 1 | 5 | 0.05 | 0.06 | 0.05 | 0.06 | 7 |
| LUX | 0 | 0 | 0.00 | 0.00 | 0.01 | 0.01 | 0 |
| LVA | N/A | N/A | 0.02 | -0.01 | -0.04 | -0.05 | 20 |
| MEX | 0 | 2 | 0.04 | 0.03 | 0.05 | 0.06 | 17 |
| MLT | 0 | 39 | 0.05 | 0.04 | 0.03 | 0.08 | 0 |
| NLD | 10 | 38 | 0.00 | 0.01 | 0.03 | 0.03 | 18 |
| NOR | 0 | 4 | -0.03 | -0.01 | -0.01 | -0.04 | 2 |
| PER | 0 | 8 | 0.08 | 0.07 | 0.04 | 0.08 | 3 |
| PHL | 0 | 6 | 0.12 | 0.07 | 0.03 | 0.12 | 3 |
| POL | 0 | 5 | 0.13 | 0.07 | 0.03 | 0.15 | 2 |
| PRT | 2 | 34 | 0.04 | 0.04 | 0.06 | 0.07 | 18 |
| ROM | N/A | N/A | 0.04 | 0.04 | 0.04 | 0.05 | 8 |
| SGP | 0 | 15 | 0.05 | 0.05 | 0.05 | 0.05 | 7 |
| SVK | 0 | 57 | 0.09 | 0.09 | 0.10 | 0.12 | 36 |
| SVN | 17 | 61 | 0.01 | 0.02 | 0.04 | 0.07 | 27 |
| SWE | 0 | 33 | -0.05 | -0.06 | -0.06 | -0.06 | 10 |
| TUR | 0 | 51 | 0.37 | 0.51 | 0.63 | 0.66 | 18 |
| TWN | 2 | 16 | 0.05 | 0.08 | 0.05 | 0.08 | 6 |
| USA | 2 | 32 | 0.01 | 0.01 | 0.02 | 0.02 | 20 |
| ZAF | 8 | 31 | 0.03 | 0.04 | 0.07 | 0.08 | 17 |

*Notes:* (a) First (last) month with statistically significant effect. (b) Effect after respectively 3, 6 and 12 months. (c) Maximum effect in absolute value reached the month reported in the last column. In four countries the effects are also significant the following months (maximum effect in absolute values in parenthesis): BGR: 0-0 (0.04), CHL: 24-35 (-0.06), HKG: 1-1 (0.03), LUX: 12-37 (0.01). In USA the impact the fourth month after the initial shock is 0.01, but it is not statistically significant.

*Source*: Author’s elaboration.

**Table C2 Effect on Core CPI of a Unit Shock to Food Prices**

(percentage points of annual inflation rate)

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | **First**(a) | **Last**(a) | **3M**(b) | **6M**(b) | **12M(b)** | **Max**(c) | **Month**(c) |
| AUT | N/A | N/A | 0.03 | 0.05 | 0.05 | 0.06 | 9 |
| BEL | 0 | 17 | 0.13 | 0.13 | 0.09 | 0.13 | 5 |
| BGR | 1 | 20 | 0.20 | 0.27 | 0.26 | 0.28 | 9 |
| BRA | 3 | 10 | 0.15 | 0.24 | 0.18 | 0.24 | 6 |
| CAN | 3 | 10 | 0.08 | 0.09 | 0.07 | 0.09 | 6 |
| CHE | N/A | N/A | 0.04 | 0.05 | 0.02 | 0.05 | 5 |
| CHL | 6 | 15 | 0.08 | 0.16 | 0.24 | 0.24 | 12 |
| COL | 0 | 47 | 0.10 | 0.16 | 0.20 | 0.20 | 12 |
| CYP | 6 | 6 | 0.01 | 0.07 | 0.04 | 0.07 | 6 |
| CZE | 2 | 31 | 0.16 | 0.22 | 0.22 | 0.23 | 8 |
| DEU | 8 | 33 | 0.01 | 0.05 | 0.08 | 0.09 | 14 |
| DNK | 2 | 21 | 0.07 | 0.10 | 0.11 | 0.11 | 10 |
| ESP | 2 | 10 | 0.17 | 0.21 | 0.15 | 0.21 | 6 |
| EST | 0 | 31 | 0.10 | 0.19 | 0.28 | 0.29 | 15 |
| FIN | 10 | 29 | 0.02 | -0.03 | -0.11 | -0.14 | 17 |
| FRA | 4 | 28 | 0.05 | 0.11 | 0.19 | 0.19 | 14 |
| GBR | 0 | 46 | 0.08 | 0.09 | 0.11 | 0.11 | 18 |
| GRC | 0 | 0 | -0.01 | 0.00 | -0.01 | -0.07 | 0 |
| HKG | 4 | 22 | 0.23 | 0.29 | 0.33 | 0.33 | 11 |
| HUN | 1 | 10 | 0.20 | 0.20 | 0.13 | 0.21 | 5 |
| IRL | N/A | N/A | 0.16 | 0.07 | -0.24 | -0.41 | 21 |
| ISL | 0 | 12 | 0.30 | 0.26 | 0.15 | 0.30 | 3 |
| ISR | 14 | 23 | 0.01 | 0.08 | 0.14 | 0.14 | 12 |
| ITA | 5 | 12 | 0.11 | 0.17 | 0.18 | 0.19 | 10 |
| JPN | 7 | 8 | 0.02 | 0.03 | 0.03 | 0.03 | 7 |
| KOR | 5 | 19 | -0.03 | -0.05 | -0.06 | -0.06 | 11 |
| LTU | 0 | 46 | 0.18 | 0.24 | 0.30 | 0.30 | 15 |
| LUX | 1 | 24 | 0.10 | 0.10 | 0.08 | 0.10 | 5 |
| LVA | 0 | 29 | 0.37 | 0.39 | 0.34 | 0.39 | 5 |
| MEX | 4 | 25 | 0.05 | 0.10 | 0.11 | 0.12 | 10 |
| MLT | 3 | 8 | 0.10 | 0.10 | 0.04 | 0.11 | 4 |
| NLD | N/A | N/A | 0.00 | 0.03 | 0.05 | 0.05 | 14 |
| NOR | N/A | N/A | 0.03 | -0.01 | -0.04 | -0.06 | 40 |
| PER | 0 | 15 | 0.29 | 0.26 | 0.18 | 0.29 | 2 |
| PHL | 2 | 8 | 0.33 | 0.37 | 0.00 | 0.40 | 5 |
| POL | 1 | 31 | 0.14 | 0.19 | 0.21 | 0.21 | 11 |
| PRT | N/A | N/A | 0.02 | 0.06 | 0.08 | 0.08 | 11 |
| ROM | 4 | 41 | 0.17 | 0.31 | 0.41 | 0.41 | 13 |
| SGP | N/A | N/A | 0.07 | 0.04 | 0.02 | 0.13 | 0 |
| SVK | 10 | 24 | 0.02 | 0.10 | 0.19 | 0.20 | 16 |
| SVN | 5 | 48 | 0.07 | 0.14 | 0.21 | 0.24 | 20 |
| SWE | N/A | N/A | 0.01 | -0.01 | -0.01 | 0.04 | 0 |
| TUR | 7 | 11 | -0.03 | -0.12 | -0.21 | -0.25 | 23 |
| TWN | 0 | 3 | 0.02 | 0.01 | 0.00 | 0.04 | 1 |
| USA | 2 | 5 | -0.11 | -0.09 | 0.01 | -0.11 | 3 |
| ZAF | 0 | 29 | 0.66 | 0.78 | 0.84 | 0.85 | 11 |

*Note*: See Table C1. In CYP the contemporaneous effect is 0.04 and it is statistically significant.

*Source*: Author’s elaboration.

**Table D1 Average Effect on Core Inflation when Changing the Order of the Variables**

(percentage points of annual inflation rate)

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Unit shock to energy prices** | | | | | | | | | | | | | | | |
|  | **3M** | | | **6M** | | | **12M** | | | **Max** | | | **Month** | | |
|  | Orig | Min | Max | Orig | Min | Max | Orig | Min | Max | Orig | Min | Max | Orig | Min | Max |
| All | 0.04 | 0.02 | 0.04 | 0.04 | 0.03 | 0.04 | 0.05 | 0.03 | 0.05 | 0.06 | 0.04 | 0.06 | 11.0 | 11.0 | 14.2 |
| OECD | 0.03 | 0.02 | 0.03 | 0.04 | 0.02 | 0.04 | 0.04 | 0.03 | 0.04 | 0.06 | 0.03 | 0.06 | 11.4 | 11.4 | 14.4 |
| Europe | 0.03 | 0.02 | 0.03 | 0.04 | 0.02 | 0.04 | 0.05 | 0.03 | 0.05 | 0.06 | 0.03 | 0.06 | 11.2 | 11.2 | 14.5 |
| Adv. | 0.01 | 0.01 | 0.01 | 0.02 | 0.02 | 0.02 | 0.02 | 0.02 | 0.02 | 0.03 | 0.02 | 0.03 | 10.9 | 10.8 | 14.2 |
| Emer. | 0.08 | 0.03 | 0.08 | 0.09 | 0.04 | 0.09 | 0.10 | 0.06 | 0.10 | 0.13 | 0.07 | 0.13 | 12.0 | 12.0 | 15.7 |
| E. Asia | 0.05 | 0.03 | 0.05 | 0.05 | 0.03 | 0.05 | 0.05 | 0.03 | 0.05 | 0.08 | 0.04 | 0.08 | 10.0 | 10.0 | 15.7 |
| N. Am | 0.00 | 0.00 | 0.01 | 0.01 | 0.01 | 0.01 | 0.01 | 0.01 | 0.01 | 0.02 | 0.01 | 0.02 | 15.5 | 10.0 | 15.5 |
| Latin Am. | 0.07 | 0.03 | 0.07 | 0.08 | 0.05 | 0.08 | 0.07 | 0.05 | 0.08 | 0.09 | 0.05 | 0.09 | 8.8 | 7.2 | 10.0 |
| Advanced | 0.01 | 0.01 | 0.01 | 0.02 | 0.02 | 0.02 | 0.02 | 0.02 | 0.02 | 0.03 | 0.02 | 0.03 | 11.2 | 10.9 | 13.8 |
| Emerging | 0.08 | 0.03 | 0.08 | 0.08 | 0.04 | 0.08 | 0.08 | 0.05 | 0.08 | 0.11 | 0.06 | 0.11 | 10.8 | 10.8 | 14.8 |
| IT | 0.06 | 0.03 | 0.06 | 0.06 | 0.03 | 0.06 | 0.06 | 0.04 | 0.06 | 0.08 | 0.04 | 0.08 | 9.0 | 9.0 | 13.2 |
| Non-IT | 0.02 | 0.01 | 0.02 | 0.03 | 0.02 | 0.03 | 0.03 | 0.03 | 0.03 | 0.04 | 0.03 | 0.04 | 12.8 | 12.7 | 15.2 |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Unit shock to food prices** | | | | | | | | | | | | | | | |
|  | **3M** | | | **6M** | | | **12M** | | | **Max** | | | **Month** | | |
|  | Orig | Min | Max | Orig | Min | Max | Orig | Min | Max | Orig | Min | Max | Orig | Min | Max |
| All | 0.11 | 0.07 | 0.11 | 0.13 | 0.10 | 0.14 | 0.12 | 0.10 | 0.13 | 0.14 | 0.11 | 0.15 | 10.0 | 10.0 | 12.1 |
| OECD | 0.06 | 0.05 | 0.07 | 0.08 | 0.07 | 0.08 | 0.08 | 0.06 | 0.08 | 0.08 | 0.07 | 0.09 | 11.3 | 11.3 | 12.3 |
| Europe | 0.10 | 0.06 | 0.10 | 0.12 | 0.09 | 0.12 | 0.11 | 0.09 | 0.11 | 0.12 | 0.10 | 0.12 | 11.4 | 11.4 | 12.1 |
| Adv. | 0.07 | 0.05 | 0.07 | 0.08 | 0.06 | 0.08 | 0.06 | 0.04 | 0.06 | 0.07 | 0.05 | 0.07 | 11.0 | 11.0 | 12.0 |
| Emer. | 0.15 | 0.09 | 0.15 | 0.20 | 0.14 | 0.20 | 0.21 | 0.17 | 0.21 | 0.23 | 0.18 | 0.23 | 12.0 | 11.5 | 12.5 |
| E. Asia | 0.11 | 0.07 | 0.12 | 0.11 | 0.09 | 0.13 | 0.05 | 0.04 | 0.08 | 0.15 | 0.11 | 0.17 | 5.8 | 5.8 | 11.5 |
| N. Am | -0.02 | -0.03 | 0.00 | 0.00 | 0.00 | 0.02 | 0.04 | 0.04 | 0.07 | -0.01 | -0.01 | 0.10 | 4.5 | 4.5 | 12.5 |
| Latin Am. | 0.13 | 0.05 | 0.13 | 0.18 | 0.11 | 0.18 | 0.18 | 0.13 | 0.19 | 0.22 | 0.14 | 0.22 | 8.4 | 8.2 | 12.8 |
| Advanced | 0.06 | 0.04 | 0.07 | 0.07 | 0.06 | 0.08 | 0.06 | 0.05 | 0.07 | 0.07 | 0.05 | 0.08 | 9.8 | 9.8 | 12.1 |
| Emerging | 0.19 | 0.11 | 0.19 | 0.24 | 0.17 | 0.24 | 0.23 | 0.18 | 0.23 | 0.27 | 0.21 | 0.27 | 10.5 | 10.1 | 12.2 |
| IT | 0.11 | 0.06 | 0.12 | 0.13 | 0.09 | 0.14 | 0.10 | 0.06 | 0.11 | 0.14 | 0.08 | 0.15 | 10.9 | 10.9 | 12.5 |
| Non-IT | 0.09 | 0.06 | 0.09 | 0.11 | 0.08 | 0.12 | 0.10 | 0.09 | 0.11 | 0.11 | 0.09 | 0.13 | 9.3 | 9.3 | 11.8 |

*Notes:* The columns “Min” (“Max”) report the minimum (maximum) values from the six models estimated for each country.

*Source*: Author’s elaboration.

1. Kilian (2001) argues that including more lags than suggested by this parsimonious selection criterion may result in more accurate impulse response estimates. [↑](#footnote-ref-1)
2. As mentioned by Juselius (2006), VAR estimates are more sensitive to non-normality due to skewness than to excess kurtosis. [↑](#footnote-ref-2)