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HOW INFLATIONARY ARE OIL PRICE HIKES? A DISAGGREGATED LOOK AT THAILAND USING SYMMETRIC AND ASYMMETRIC COINTEGRATION MODELS

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Keywords

Inflation

Disaggregated analysis

Thailand

Oil prices

Introduction

In the case of Thailand, the Bank of Thailand reacted to raise its benchmark interest rate five times from July 2010 to March 2011 with the total increase of 125 basis points, but still looming inflationary threat as oil prices are expected to stay high due to the increased oil demand from China, India and Japan for its post-tsunami recovery (Thai Financial Post, 2011).

There seems to be a need to uncover the degree of oil price pass-through into consumer prices for Thailand.

This study investigates the inflationary impacts of oil prices on the aggregate price level and various disaggregated price levels for the case of Thailand.

The Inflationary consequence of oil price fluctuations classified into:

Macro-oriented focus

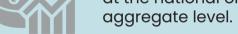


The impacts of oils prices on goods prices at the national or

Micro-oriented focus



The implications at the commodity level.





The authors included the following variables in the analysis:

