Impact of Oil Price and Oil Production on Inflation in the CEMAC


RÉSUMÉ

There are different channels through which variations in international crude oil prices translate into changes in net-oil exporting countries' domestic prices. This article identifies two of these causal mechanisms, namely the pass-through effect and the Dutch disease effect. It intends to disentangle these two effects in the five oil producers of the Central African Economic and Monetary Community: Cameroon, the Republic of Congo, Chad, Equatorial Guinea, and Gabon. It also investigates the heterogeneity across countries in the face of international oil price and domestic oil production shocks based on a multiple time-series strategy covering the period 1995-2019. Applying Dynamic Ordinary Least Squares and AutoRegressive Distributed Lag models, it concludes to the presence of a pass-through effect in Cameroon, Chad, and Congo and of a Dutch disease effect in Equatorial Guinea. This contributes to the understanding of the relationships between international commodity prices and domestic consumer price variations but can also help policymakers in the CEMAC by assessing the vulnerability of its members toward external shocks.

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