

Red Meat Price Volatility and Its' Relationship with Crude Oil and Exchange Rate

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Abstract : Turkey's agricultural commodity prices are prone to fluctuation but have gradually over time. A considerable amount of literature examines the changes in these prices by dealing with other commodities such as energy. Links between agricultural and energy markets have therefore been extensively investigated. Since red meat prices are becoming increasingly volatile in Turkey, this paper analyses the price volatility of veal, lamb and the relationship between red meat and crude oil, exchange rates by applying the generalize all period unconstraint volatility model, which generalises the GARCH (p, q) model for analysing weekly data covering a period of May 2006 to February 2017. Empirical results show that veal and lamb prices present volatility during the last decade, but particularly between 2009 and 2012. Moreover, oil prices have a significant effect on veal and lamb prices as well as their previous periods. Consequently, our research can lead policy makers to evaluate policy implementation in the appropriate way and reduce the impacts of oil prices by supporting producers.

Keywords : red meat price, volatility, crude oil, exchange rates, GARCH models, Turkey

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