World Academy of Science, Engineering and Technology
International Journal of Energy and Power Engineering
Vol:9, No:07, 2015

Crude Oil and Stocks Markets: Prices and Uncertainty Transmission Analysis

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Abstract : The purpose of this paper is to investigate the relationship between oil prices and socks markets. The empirical analysis in this paper is conducted within the context of Multivariate GARCH models, using a transform version of the so-called BEKK parameterization. We show that mean and uncertainty of US market are transmitted to oil market and European market. We also identify an important transmission from WTI prices to Brent Prices.

Keywords : oil volatility, stock markets, MGARCH, transmission, structural break
Conference Title : ICEE 2015 : International Conference on Energy and Economy
Conference Location : Paris, France
Conference Dates : July 20-21, 2015