

**ANTONELLA CAVALLO**

University of Modena and Reggio Emilia, Italy

## **MEASURING THE EFFECTS OF OIL PRICE AND EURO-AREA SHOCKS ON CEECS BUSINESS CYCLES**

### **Abstract:**

This paper aims to assess the effects of external macroeconomic shocks on business cycles of Central and Eastern European Countries, not yet Euro-area members. Using quarterly data from 1999 to 2015 and the structural near-VAR methodology, we focus on the effects of Euro-area monetary policy and global oil price shocks on prices and output of the analyzed countries. Results show that business cycle fluctuations are mainly explained by domestic shocks in the short run, while monetary policy and oil price shocks play an increasing role in the medium run. Adding domestic fiscal shocks the overall picture does not change significantly, since fiscal policy turns out to be a minor driver of business cycle fluctuations in CEECs.

### **Keywords:**

CEECs; Business Cycle Fluctuations; Euro Area; Common Shocks; near-Structural VARs

**JEL Classification:** C32, E32, Q43