MACROECONOMIC IMPACTS OF GLOBAL FOOD PRICE SHOCKS ON THE ECONOMY OF TURKEY

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Abstract
The purpose of this study is to examine the impact of food prices to macroeconomic variables of Turkey such as exchange rate, output growth and inflation rate. The effects are investigated using monthly data for the period 1980:01-2016:01. A structural vector autoregressive (SVAR) model is employed for the analysis. Impulse response functions are obtained to assess the impact of food price shocks to macroeconomic variables of Turkey. According to the empirical findings, it is found that the economic variables of Turkey do not affect the food price but the food price affects the macroeconomic variables of Turkey. To this end, we employed a structural VAR model as suggested by Cushman and Zha (1997). The impulse responses gathered suggest that food price causes TL to depreciate and inflation to increase contemporaneously.

Keywords: Food Price, Macroeconomic Variables, Turkey, Structural VAR