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How determinants of commodities prices change in time? A Dynamic Model Averaging based analysis

Research project objectives/ Research hypothesis

The aim of the research is to find important determinants of prices for various commodities, taking into account the fact that different factors in varying degrees determine these prices in different time periods. In other words, the aim is to construct for each of the selected commodity an econometric model, in which a set of potential determinants can change over time, as well as, the estimated coefficients of the model can also vary in time. Based on a review of the existing literature there are strong indications that the determinants of commodity prices strongly fluctuate over time. First of all, we want to analyse the determinants of prices of fuels, metals, and agricultural commodities. In addition to finding the suitable paths in time, we would like to examine the possible economic reasons for the results. For example, the already done first estimates for oil prices suggests that between 2000 and 2005 the impact of the exchange rates fluctuations on the price of oil were much lower than those between 2005 and 2015.