A Study of the Relationship Between Oil And Green Energy Crop - Application of GARCH - Dynamic Conditional Correlation -

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ABSTRACT

This study use bivariate GARCH-M model to investigate West Texas crude oil prices and Agriculture prices for corn, soybean, cane and rapeseed crop returns sensitivity analysis since January 1, 1990 to May 26, 2010. According to Granger and Arch testing of Structural changes found that the West Texas crude oil price is indeed a structural change, the structural change point is Septermber 23, 2008, and this time just as the Asian financial crisis. By the mean equation and variance equation of the GARCH-DCC-M is pointed out that the corn crop futures prices return influenced by previous period West Texas crude oil price return for the negative impact to the statistics.

Keywords: GARCH-Dynamic Conditional Correlation-Mean Model, green-energy, bio energy

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