On the relationship between economic openness and steel price

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ABSTRACT

BRICS is a grouping acronym that refers to the countries of Brazil, Russia, India, China, and South Africa. The relationship between economic openness and world steel and iron price is investigated by this study. We employ the co-integrated method-ARDL bounds test and collect the amounts of imports, exports, and GDP of BRICS between 2004Q1 and 2010Q3 to research the long-term relationship between economic openness and world iron ore price. We use the world iron ore price as the proxy of the world steel and iron price. The empirical result is that economic openness of BRICS and world iron ore price do not have the long-term relationship. That is, we can not base on the economic openness of BRICS to forecast the price of world iron ore price. This result can be explained by the fact that the domestic demand is increased by BRICS during the collapse of financial crisis of 2007-2009, which called by leading economists the worst financial crisis.

Keywords : BRICS　Co-integrated Relationship　Economic Openness　Steel and Iron Price

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