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Edited by:

Dr. Renu Singh, IARI, New Delhi, India

Dr. Anil Kumar, PSU, Thailand

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How does Turkey's macro economy response to the world oil prices shock?

Assoc. Prof. Dr. Ayhan Kapusuzoglu, Prof. Dr. Nildag Basak Ceylan

Department of Banking and Finance, Business School Yildirim Beyazit University 06690, Ankara, Turkey

Phone: +90 312 466 75 33 / 3526; Fax: +90 312 466 85 42

*Corresponding author's mail: nbceylan@ybu.edu.tr

Abstract

The purpose of this study is to examine the impact of West Texas Intermediate (WTI) and Brent Oil (BO) prices on the macroeconomic variables of such as industrial production, foreign interest rate, inflation rate, overnight interest rate, real exchange rate, and stock exchange. The effects are investigated using monthly data for the period 2006:07-2015:12. A structural vector autoregressive (SVAR) model is employed for the analysis. Impulse response functions are obtained to assess the impact of oil price shocks to macroeconomic variables. According to the empirical findings, it is found that BO increases stock return, real exchange rate, domestic interest rate, industrial production, foreign interest rate more than WTI. For inflation, WTI decreases domestic interest rates contemporaneously and for the first three periods. BO decreases inflation rate more than WTI. A one standard deviation shock given to WTI oil price increases stock returns and inflation rate contemporaneously but decreases at periods 3 and 4. On the other hand, WTI oil price decreases industrial production and foreign interest rate.

Keywords: Macro Economy; World Oil Prices; Turkey's

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The 1st International Conference on Energy, Environment and Economics (ICEEE 2016) was held at Heriot-Watt University, Edinburgh, EH14 4AS, UK, 16-18 August 2016. ICEEE2016 focused on energy, environment and economics of energy systems and their applications. More than fifty eight delegates from 31 countries with diverse expertise ranging from energy economics, solar thermal, water engineering, automotive, energy, economics and policy, sustainable development, bio fuels, Nano technologies, climate change, life cycle analysis etc. made conference true to its name and completely international. During conference total 51 oral presentations and six posters were shared between delegates. The presentations showed the depth and breadth of research across different research areas ranging from diverse background. ICEEE2016 aimed:

- To identify and share experiences, challenges and technical expertise on how to tackle growing energy use and greenhouse gas emissions and how to promote sustainability and economical, cost effective energy efficiency measures.

In total 11 technical sessions and two invited talks both from academia and industry provided insight into the recent development on the proposed theme of the conference. Preparation, organisation and delivery of the conference started from July 2015 and further co-ordinated by vibrant team of Conference Centre, Heriot Watt University. Conference organisers would like to acknowledge support from the sponsors particularly World Scientific Publication Ltd and its team members for the delivery of the conference. Organisers are also thankful to all reviewers who contributed during peer review process and their contributions are well appreciated. At the end and during vote of thanks following awards have been announced and we would like to congratulate all well deserving delegates.

- Best Paper –Academia: Amela Ajanovic, EEG, TU Vienna, Austria
- Best Paper – Student : Christian Jenne, University of Duisburg-Essen, Germany
- Best Poster – Student: Yoann Guinard, University of New South Wales, Sydney, Australia
- Best Poster – Academia: E. Salleh, Universiti Kebangsaan Malaysia, Malaysia
- Active Participation Award - Yoann Guinard, University of New South Wales, Sydney, Australia

At the end we would like to extend our gratitude to all of you for your participation and hopefully welcome you again during ICEEE2017.

Editors:

Dr. Singh is Senior Scientist at Indian Agricultural Research Institute, New Delhi, India. Her area of expertise are bio energy and bio fuels, environmental engineering, carbon accounting and renewable energy integration for rural development.

Dr. Kumar is visiting faculty at Prince of Songkla University, Thailand. He have 16 years of research and teaching experience in the field of solar energy, drying and energy efficiency.

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