Commodity Price Readings

1. **Exhaustibility**

*Classic work on exhaustibility and commodity prices:*

Slade, M. E. (1982). Trends in natural-resource commodity prices: an analysis of the time domain. *Journal of environmental Economics and Management*, *9*(2), 122-137.

Slade, M. E., & Thille, H. (1997). Hotelling confronts CAPM: a test of the theory of exhaustible resources. *Canadian Journal of Economics*, 685-708.

*More recent theory paper with empirical support.*

Schwerhoff, G., & Stuermer, M. (2019). *Non-renewable resources, extraction technology, and endogenous growth*. Mimeo.

<https://drive.google.com/file/d/1lhjgUZk38MB5R_bn3YJG87Sf09A6aZFy/view>

Data described in detail in appendix: <https://drive.google.com/file/d/1bkeDs9Qv2PE3UMWahyR80noWnUeShwGF/view>

***Martin Stuermer has compiled 100’s of years of annual commodity price historical data for dozens of minerals. The data is freely available . Go to his website where has several “Data Book” links that lead to downloadable google sheets.*** [***https://sites.google.com/site/mstuermer1/research-1***](https://sites.google.com/site/mstuermer1/research-1)

1. **Macroeconomics**

*Summary and tests of a variety of macro-driven theories of commodity prices. From 2010, so could be updated with more recent data!*

Frankel, J. A., & Rose, A. K. (2010). Determinants of agricultural and mineral commodity prices. *HKS Faculty Research Working Paper Series*.

Frankel, J. A. (2014). Effects of speculation and interest rates in a “carry trade” model of commodity prices. *Journal of International Money and Finance*, *42*, 88-112.

*Simple paper on response of energy prices to macroeconomic news:*

Kilian, L., & Vega, C. (2011). Do energy prices respond to US macroeconomic news? A test of the hypothesis of predetermined energy prices. *Review of Economics and Statistics*, *93*(2), 660-671.

1. **Demand and Supply**

*Using instrumental variables (IV)*

Hausman, C., & Kellogg, R. (2015). Welfare and Distributional Implications of Shale Gas. *Brookings Papers on Economic Activity*, 71.

Roberts, M. J., & Schlenker, W. (2013). Identifying supply and demand elasticities of agricultural commodities: Implications for the US ethanol mandate. *American Economic Review*, *103*(6), 2265-95.

*Using distributed lag models*

Stuermer, M. (2017). Industrialization and the demand for mineral commodities. *Journal of International Money and Finance*, *76*, 16-27.

***Again, Stuermer’s website has all the data freely available for download and analysis:*** [***https://sites.google.com/site/mstuermer1/research-1***](https://sites.google.com/site/mstuermer1/research-1)

*Other demand/supply market structure papers*

Slade, M. E. (1991). Market structure, marketing method, and price instability. *The Quarterly Journal of Economics*, *106*(4), 1309-1340.

1. **Papers using VAR/SVAR/VECM systems**

*Very influential paper on disentangling commodity demand and supply shocks*

Kilian, L. (2009). Not all oil price shocks are alike: Disentangling demand and supply shocks in the crude oil market. *American Economic Review*, *99*(3), 1053-69.

*More recent applied paper*

Jacks, D. S., & Stuermer, M. (2020). What drives commodity price booms and busts?. *Energy Economics*, *85*, 104035.

*Older paper very useful in understanding Error Correction Models*

Hartley, P. R., Medlock III, K. B., & Rosthal, J. E. (2008). The relationship of natural gas to oil prices. *The Energy Journal*, *29*(3).