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Interdependence in Global Agricultural Commodity Prices: Evidence from a VAR Analysis

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Abstract

The paper analyzes the relationships between the main groups of agricultural products at the global level for the period 1960-2025, with monthly data. In the analysis, we use price indices for beverages (BEV), oils and oil products (OILM), cereals (GRN), and other food products (OFD). To analyze the relationships between these markets, a VAR model is estimated, the results indicating the existence of links between the price developments of agricultural products. Granger causality tests show that the oil and oil products market influences the evolution of other segments of the agricultural market, especially the cereals market. In addition, the variance decomposition analysis confirms the central role of this market in transmitting price variations. The results obtained show that the oil and oil products market is an important factor in the dynamics of global agricultural prices during the period analyzed.

Keywords: *agricultural commodity prices; price transmission; VAR model; Granger causality; global agricultural markets*

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