Abstract

The goal of this master thesis is to analyze impact of shocks in oil prices to automobile industry stock prices and returns. We decompose oil price shocks on oil supply shocks, aggregate demand shocks and oil-specific demand shocks and assess their individual impacts on these stock prices/returns. This is done using the vector autoregression (VAR) methodology which allows us to compute impulse responses, that is the reaction paths on the individual shocks. In addition to linear VARs we also employ threshold VAR models in order to capture nonlinearities in impulse responses and besides the aggregate automobile stock price index we compute these nonlinear impulse responses also for some selected individual car producers. We think that this analysis have two different uses. First, it can be beneficial to stock market investors. Second, it can be used by policymakers in countries such as Slovakia and the Czech Republic, which are relatively heavily dependent on automotive industry.