Essays on Economic Policy (ESPE in Spanish) - Study on Spillover Effect Between International Soybean Market and China's Domestic Soybean Market

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Abstract

Due to high import dependency, China's domestic soybean market became unstable and soybean production was lingering and declining. It would be better to know the correlation between international and China's domestic soybean market for policy-making and production decision. This study used data of CBOT soybean futures price, imported soybean distribution price at Qingdao port and soybean spot price in China from September 10, 2011 to November 19, 2016 and chose multivariate GARCH model to check the spillover effect and correlation between them. The results showed that price volatilities of three markets had significant clustering effect while GARCH effect was stronger than ARCH effect. The spillover effect and correlations between markets were remarkable. It demonstrated the imported soybean market was significantly affected by the international soybean future market volatility, and such instability then resulted in violent fluctuations of China's domestic soybean spot market. Policies should be made to keep China's soybean industry safe and developed.

Fuente: https://www.banrep.gov.co/en/publications-research/espe/study-on-spillover-effect-between-international-soybean-market-and-china