Working papers economics - Asymmetric Effects of Oil Price Changes on Economic Growth in Emerging Economies

AUTHORS AND/OR EDITORS Navas-Diago, Elkin Quintero-Otero, Jorge David
How are oil prices related to economic growth and monetary policy? Drawing on a broad sample of 31 emerging economies analyzed over the same period, this paper finds that, in the face of oil price fluctuations, both oil-importing and oil-exporting emerging economies that operate under an inflation-targeting framework experience smaller effects on economic activity.

Publication Date: Tuesday, 22 of September 2026 **Approach**
This study provides a comparative analysis of the effects of oil price increases and decreases on the economic growth of 31 emerging economies between 2005 and 2024, distinguishing between oil-exporting and oil-importing countries.

To ensure consistent results across both groups, we construct quarterly economic growth indices that account for the relative size of each economy. These indices are calculated separately for oil-exporting and oil-importing countries.

Using a Nonlinear Autoregressive Distributed Lag (NARDL) model, we estimate how changes in oil prices affect both short-run and long-run economic growth in these groups of countries. In addition, we assess whether the effects of an increase in oil prices differ from those generated by a decline.

Finally, the paper presents differentiated results according to the monetary policy framework adopted by emerging economies and the degree of oil dependence in the countries analyzed.

Contribution
This paper identifies the structural factors that explain how fluctuations in oil prices affect economic growth across a broad sample of 31 emerging economies examined over the same period. It also provides a comparative analysis of the role played by the monetary policy framework in shaping the effects of oil price changes on economic growth across countries.

The findings reveal four potential forms of asymmetry that may explain why changes in oil prices generate differentiated effects on the economic growth of these economies.

Results

The results show that, in oil-importing countries, an increase in oil prices reduces economic growth, while a decline in oil prices generates an expansionary effect. The opposite occurs in oil-exporting countries: increases in oil prices stimulate economic activity, whereas price declines lead to economic contractions.

Regarding the magnitude of these effects, for oil-importing countries, increases in oil prices have a larger impact on economic growth than decreases, but only in the long run. For oil-exporting countries, oil price increases and decreases generate effects of similar magnitude on GDP growth regardless of the time horizon, although with opposite signs.

The results also suggest that, in the face of oil price fluctuations, both oil-importing and oil-exporting emerging economies that operate under an inflation-targeting regime experience smaller effects on economic activity. Furthermore, the findings indicate that emerging economies with a high degree of oil dependence, whether exporters or importers, are more vulnerable to oil price changes than economies that are less dependent on oil.

Fuente: https://www.banrep.gov.co/en/publications-research/working-papers-economics/asymmetric-effects-oil-price