



Best Article Award: Ojeda-Joya et al.

Katherine S. Virgo¹

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The *Atlantic Economic Journal* (*AEJ*) is proud to announce that the winners of the 2020 Best Article Award are Jair N. Ojeda-Joya and Oscar Jaulin-Mendez, Banco de la Republica, Bogotá, Colombia, and Juan C. Bustos-Peláez, Université Paris-Dauphine, Paris, France. Their paper entitled, “The Interdependence Between Commodity-Price and GDP Cycles: A Frequency-Domain Approach,” appeared in the September 2019 issue of the *AEJ*. The *AEJ* Best Article Award committee reviewed all eligible papers (those with ratings of top 25% or better) published in 2019. The committee was chaired by International Atlantic Economic Society (IAES) Vice President, Philippe Martin, Chairman, Council of Economic Analysis of the Prime Minister of France. Members of the committee included the *AEJ* Board of Editors and IAES Endowment Fund sponsors. The Managing Editor gratefully acknowledges the participation and diligence of all committee members who participated in the review process. The award emphasizes the intellectual and scholarly approach to economic research which has always been a focal point of the *AEJ*. A brief summary of the award-winning paper follows.

Dr. Ojeda-Joya and his co-authors attempted to determine whether real commodity prices (RCPs) are driven by world gross domestic product (GDP) fluctuations using long-term data starting in the late nineteenth century. This is a particularly important and complex issue for economies that are highly vulnerable to commodity-price shocks and for international investors whose focus is on financial assets related to commodity markets. The complexity stems from the various groups of commodities, feedback effects from commodity shocks to GDP and the wide range of fluctuation frequencies requiring study.

Their study builds on the work of Ertem and Ocampo (*World Development*, 2013), among others, in studying the interdependence between RCP cycles and global economic activity with special focus on medium- and long-term cycles (8 to less than 20 years and greater than 70 years, respectively). Data sources included the International Monetary Fund, United Nations, and the statistics offices for each country.

✉ Katherine S. Virgo
kvirgo@emory.edu

¹ Emory University, Atlanta, GA 30322, USA

Ojeda-Joya et al. studied an aggregate (non-oil) RCP index, a metal-price index (subset of the non-oil RCP index) and an oil price series. Due to its importance for the world economy, the oil price series was analyzed separately. Feedback effects were addressed using cointegrated vector autoregressions to conduct causality tests. For varying fluctuation horizons, medium- and long-term cycles were calculated and their synchronization analyzed. Second, causality tests were conducted on the frequency domain under the presence of cointegration.

The results suggested that fluctuation frequency matters for understanding the interdependence between world GDP and commodity prices. Cycle synchronization only occurred in the case of super-cycles (cycles lasting 20–70 years). The causality effect from world GDP to commodity prices was most significant in the case of long-term fluctuations. Thus, commodity-price trends and super-cycles appeared to be demand driven. Reverse causality was demonstrated from prices to GDP, only for oil prices and during business-cycle fluctuations. For the metal prices subgroup, the evidence was unclear for causality.

According to the authors, policymakers in commodity-producer countries should expect significant effects from a world GDP slump (like the current pandemic effect) on commodity prices, only if the slump becomes a long-term GDP cycle. The sign and magnitude of the positive relationship identified between oil-price fluctuations and world GDP can vary on a country-by-country analysis.

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