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## **Oil Price Pass-Through to Disaggregated CPI Data of Pakistan: Evidence from VAR Approach**

### **ABSTRACT**

*The aim of this paper is to investigate the oil pass-through to aggregate CPI and disaggregated CPI inflation in Pakistan. We estimated recursive VAR model to investigate the oil price pass-through to CPI and disaggregated CPI inflation for the period of July 1991 to April 2017. The major finding of the study are: (1) oil price shock has moderate effect on CPI inflation; (2) oil price pass-through is high in energy, nonfood, transport and WPI inflation as compared to food, non-energy, housing sector and aggregate CPI inflation; (3) oil price pass-through is high after the period of 2006 when government approved authority to OGRA to notify petroleum products;(4) oil price pass-through has asymmetric effect on disaggregated CPI inflation.*

**Key Words:** *Oil price pass-through, disaggregated CPI, VAR, Pakistan.*

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