

# How Do Russia-Ukraine and Palestinian-Israeli Conflicts Impact Crude Oil Prices?

Songting Yang, Xudong Liu, Rulang Wang, Zonghu Liao

China University of Petroleum, China

## Abstract

This paper empirically investigates the time-varying effects of Russia-Ukraine and Palestinian-Israeli conflicts on crude oil returns and volatility. By using a time-varying parameter vector autoregressions (TVP-VAR) model and Geopolitical Risk Index (GPR) from January 2000 to December 2023, our findings include: (1) Russia-Ukraine and Palestinian-Israeli conflicts impact on the crude oil returns most negatively since 2008 Global Crises. (2) The ongoing Russia-Ukraine and Palestinian-Israeli conflicts are considered key drivers of the crude oil volatility since COVID-19. (3) The geopolitical risk impact on crude oil returns and volatility is in the short term, while the impact levels off after one year. These insights can potentially be utilized to provide references for investors.

**Keywords:** Russia-Ukraine conflict, Palestinian-Israeli conflict, Crude oil price, Geopolitical risk, TVP-VAR model, Time-varying