Positive and Negative Drivers of Inflation in the GCC Countries

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Abstract

The main aim of this study is to estimate the positive and negative determinants of inflation rates using the consumer price index (CPI) in the Gulf Cooperation Council (GCC) countries for the period 1990-2022. The data will be collected as secondary data from the databases of International Monetary Fund (IMF), World Bank and United Nations Conference on Trade and Development (UNCTAD). Statistically, the data will be analyzed using ordinary least square (OLS), fixed-effects model (FEM) and Generalized method of moments (GMM) regression. The GCC members are Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and United Arabs Emirates (UAE). The main findings of this study suggest that COVID- 19 pandemic and unemployment play significant role to decrease the rates of inflation significantly. On the other side, higher economic growth increases consumer price index significantly. The implications of this study help policymakers to take the right decisions and policies to control the levels of prices in the GCC countries. In addition, this study supports Economists and Academics to conduct their research in the field of similar studies.

Keyword: COVID- 19 pandemic, Inflation, Gross domestic production, Gulf Cooperation Council, Oil prices