How Does Excessive Volatility of Consumption Vary Across Countries?

一般社団法人 CRD 協会
Khaliun Dovchinsuren

Abstract

I revisit the excess volatility of the consumption puzzle, a feature often observed in developing and emerging economies. I assess how the excess volatility of consumption varies across countries by incorporating interrelation between countries’ commodity dependence and income level. This is estimated in the context of the excess sensitivity of the consumption to output using the cross-country panel data. I find that the sensitivity of consumption on income level appears differently by the country’s commodity dependence. The sensitivity is higher in the low-income groups for the commodity-dependent countries, whereas the opposite pattern is observed for the non-commodity-dependent countries.