# Article information:

The macroeconomic determinants of commodity futures volatility: Evidence from Chinese and Indian markets - ScienceDirect
<https://www.sciencedirect.com/science/article/abs/pii/S026499931731266X>

# Article summary:

1. Commodity futures have exhibited significant price volatility in recent decades, and understanding the determinants of this volatility is important for producers, processors, and policy makers.

2. Emerging markets, particularly China and India, play an important role in commodity prices and volatility, but few studies have focused on these markets.

3. The study uses a GARCH-MIDAS model to examine the impact of macroeconomic variables on the long-run variance of commodity futures in China and India, finding that both domestic and international macroeconomic information are important determinants of volatility.

# Article rating:

May be slightly imbalanced: The article presents the information in a generally reliable way, but there are minor points of consideration that could be explored further or claims that are not fully backed by appropriate evidence. Some perspectives may also be omitted, and you are encouraged to use the research topics section to explore the topic further.

# Article analysis:

The article "The macroeconomic determinants of commodity futures volatility: Evidence from Chinese and Indian markets" aims to investigate the impact of macroeconomic variables on the volatility of commodity futures in emerging markets. The authors argue that understanding the determinants of commodity futures volatility is crucial for producers, consumers, and policymakers. They also suggest that previous studies have focused only on short-term volatility determinants and ignored the impact of macroeconomic variables.

The article provides a comprehensive literature review on the relationship between macroeconomic variables and asset prices, particularly stock market performance. However, it fails to provide a detailed discussion on the existing literature on commodity futures volatility. This omission may limit readers' understanding of how this study contributes to the existing literature.

The authors use Mixed Data Sampling (MIDAS) models to examine the impact of macroeconomic variables on commodity futures volatility. They decompose the variance into short-run and long-run components and employ a wide range of macroeconomic variables covering economic environment, monetary policy, and financial variables. The results show that both domestic and international macroeconomic information significantly determines long-run variance.

While the study's methodology is sound, there are some limitations to its findings. Firstly, it focuses only on two emerging markets - China and India - which may not be representative of other emerging markets worldwide. Secondly, it does not consider other factors that may affect commodity futures volatility such as geopolitical risks or weather conditions.

Moreover, while the article acknowledges that uncertainty in macroeconomic variables has stronger economic implications than changes in these variables, it does not provide a clear explanation for this finding. This omission limits readers' understanding of why uncertainty matters more than changes in macroeconomic variables.

Overall, while this article provides valuable insights into the impact of macroeconomic variables on commodity futures volatility in emerging markets, it has some limitations that need to be addressed in future research.

# Topics for further research:

* Geopolitical risks and commodity futures volatility
* Weather conditions and commodity futures volatility
* Existing literature on commodity futures volatility
* Emerging markets and commodity futures volatility
* Uncertainty in macroeconomic variables and economic implications
* Short-term determinants of commodity futures volatility

# Report location:

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