

ANALYSIS OF THE IMPACT OF THE UNCERTAINTY IN CRUDE OIL PRICE ON ECONOMIC GROWTH: EVIDENCE FORM NIGERIA (1986-2021)

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Abstract

The Nigerian populace has begun to experience the bare vagaries of the changes in crude oil prices following the complete stoppage of the subsidy regime especially as the country is both a crude oil exporting and petroleum product importing economy. To offer deeper and more relevant information on the consequences of this, this study therefore analyses the impact of the uncertainty in crude oil prices on economic growth of Nigeria. The study utilized annual data from 1986 to 2021 and employed Non-linear Autoregressive Distributed Lag (NARDL) approach to investigate the asymmetric effects of the variables utilized in the study. The findings indicated that crude oil price did not impact the growth of the economy in the short run much as it did impact on it in the long run. It followed that until there are major adjustments in the use of the resources obtained due to price changes in crude oil, the change in price did not impact on the growth of the economy. A rise or fall of crude oil price within a short period (say a couple of days) does not impact on the economy as no major adjustments would be made in production capacities across the country on the strength of the changes within such short period of time. The study led to the conclusion that public expenditure should not be based on few changes on the price of crude oil but sustained price change and on other economic fundamentals.

Keywords: Crude Oil Prices, Economic Growth, nonlinear ARDL.