

# Do Energy Prices Respond to U.S. Macroeconomic News? A Test of the Hypothesis of Predetermined Energy Prices

Lutz Kilian, Clara Vega

[➤ Author and Article Information](#)

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## Abstract

We propose a formal test of the hypothesis that energy prices are predetermined with respect to U.S. macroeconomic aggregates. The test is based on regressing changes in daily energy prices on daily news from U.S. macroeconomic data releases. Using a wide range of macroeconomic news, we find no compelling evidence of feedback at daily or monthly horizons, contradicting the view that energy prices respond instantaneously to macroeconomic news and consistent with the commonly used identifying assumption that there is no feedback from U.S. macroeconomic aggregates to monthly innovations in energy prices.

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