

The effect of oil price shocks on Saudi's GDP

Abstract

This paper is attempt to investigate the effect of oil price shocks on the Saudi's GDP using annual time series data (1970-2009) to cover all of oil price shocks till 2009. The Vector Error Correction Model (VECM) and Granger causality are used to get the cointegration between macroeconomic factors in the long run. Oil price impact is found to be positive and significant on the Saudi's GDP in the long run.