

Fuel price pass-through in Cyprus

Sotiria Charalambous and Sofronis Clerides*

ABSTRACT

We analyse the pass-through of international oil price fluctuations to wholesale and retail fuel prices in Cyprus and test for the possibility of asymmetric pass-through (the “rockets and feathers” phenomenon). We analyse both the total adjustment of the general price level (from the international price to the average local retail price) and the intermediate stages: from the international price to the wholesale price and from the wholesale price to the retail price. We find no evidence of asymmetric price adjustment in the former channel, but we do find limited evidence of asymmetric adjustment in the latter channel.

* Corresponding author: s.clerides@ucy.ac.cy