ABSTRACT

This study analyses the impact of global crude oil price fluctuations on Indonesia's food price and examines the asymmetric transmission mechanism. Utilizing annual time-series data from 1996 to 2025, a Non-linear Autoregressive Distributed Lag (NARDL) framework is deployed alongside real GDP and precipitation as control variables. The Bounds Test confirms a valid long-run cointegrated relationship. The model's validity is reinforced by the Error Correction Term (ECT) coefficient of -0.544622 indicating a short-run disequilibrium adjustment speed of 54.46% per annum. Furthermore, the Wald Test formally confirms asymmetric price transmission and downward price stickiness. In the long run, positive oil price shocks exhibit no significant impact, reflecting the effectiveness of domestic energy subsidies as a shock absorber. Conversely, negative oil price shocks exert a highly significant positive effect with an elasticity coefficient of 0.202579. A 1% decline in global oil prices triggers a 0.20% decrease in domestic food prices, driven by reduced agricultural input and logistics costs. In the short run, energy volatility displays no instant effect, confirming a distribution time lag.

Keywords: Food Prices, Crude Oil Prices, Asymmetric Transmission, NARDL.