

The Effect of Inflation Uncertainty on House Prices in Fragile Five Countries

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Abstract

This paper investigates the effect of inflation uncertainty on house prices in Turkey, Brazil, India, Indonesia, and South Africa which are originally designated as fragile five countries by using the Autoregressive Distributed Lag (ARDL) method developed by Pesaran et al. (2001). Inflation uncertainty is estimated by employing the ARCH and GARCH type models for the period 2010Q1:2020Q4. The empirical results of the panel ARDL indicate that inflation uncertainty significantly affects house prices. Hence it is concluded that economic policy uncertainty is crucial in determining house prices.

Keywords: Inflation, Inflation Uncertainty, House Prices, Panel ARDL, fragile five countries

JEL Codes: E31, E43, R31.