

Impact of rising oil prices on the living cost in Burkina Faso

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Fluctuations of the world oil prices affect economic performance. Outside the impact on the sector of energy production, the rising oil price has consequences on inflationary pressures and a deteriorating fiscal position of Burkina Faso. In this context, studying the impact of rising oil prices on the economy, especially the cost of living of its population has a great interest because although many studies have attempted to link «oil prices» and «cost of living», very few have focused on the specific case of Burkina Faso. This allows us to make our contribution to this construction literature. This contribution will consist to highlight the relation between changes in oil prices and the cost of living in Burkina Faso. Also to be reached, we will find the best indicator to reflect the cost of living in Burkina Faso, identify the suitable econometric model for estimating the correlation and verify the existence of the relation between oil prices and the cost of living. For a better approach to this study, we used a VAR (Vector Auto-Regressive) model. Also, we will use documentary research that will make an assessment on the existing in terms of theoretical debates around the theme, descriptive statistics that will help to introduce and describe the variables used in the study, and econometric analysis will analyze and estimate the parameters of our objective function using Eviews.

Key Words: Inflationary pressure, Vector autoregressive