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Macroeconomic impact of the 2026 Iranian oil shock: A BGVAR model analysis

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Abstract

This paper quantifies the global macroeconomic effects of the oil price shock triggered by the February 2026 Iran conflict. Utilizing a Bayesian Global Vector Autoregressive (BGVAR) model covering 14 major economies (4 mature and 10 emerging markets), we simulate the transmission of oil prices to global inflation, GDP growth and interest rates. In a departure from standard endogenous frameworks, this model treats Brent crude as an exogenous variable, ensuring that the energy shock remains independent of model-driven demand fluctuations to accurately represent the Iran shock. We evaluate three distinct paths, *normalization*, *persistence*, and *breakdown*, to account for the conflict's uncertain duration and provide a comprehensive sensitivity analysis of global economic resilience. The results indicate substantial but differentiated effects: while commodity-importing advanced economies face persistent inflationary pressure, commodity exporters experience distinct responses reflecting their structural positions in energy markets.

Keywords: BGVAR, oil price shock, Iranian conflict, GIRF.
JEL Classification: C32, E37, Q43.

1 Introduction

The outbreak of military conflict involving Iran in February 2026, and the subsequent effective closure of the Strait of Hormuz, caused an immediate rupture in oil trade, triggering a surge in both crude prices and retail gasoline. This shock represents the most significant disruption to global energy markets since the 1973 Arab-Israeli War. With approximately 20% of global oil supplies transiting through this chokepoint, prices escalated from roughly 60 USD/Bbl in late 2025 to over 90 USD/Bbl by March 2026 (peaking at 117 USD/Bbl on March 20th), while futures markets price in even higher levels should the disruption persist.

Such a scenario raises critical questions for policymakers: to what extent will these price hikes fuel global inflation and macroeconomic instability? As central banks express growing concern over prolonged inflationary pressures, this study proposes a global modeling framework to anticipate these effects through 2027.

A central challenge concerns the macroeconomic transmission of this shock across economies with heterogeneous trade exposures, energy dependencies, and monetary policy frameworks. Traditional single-country VAR approaches struggle to capture the inherent interdependencies characterizing the modern global economy. As Pesaran et al. (2004) noted in their foundational work, domestic economic conditions are increasingly shaped by foreign developments, necessitating modeling frameworks that explicitly account for international linkages.

This paper employs a Bayesian Global VAR (BGVAR) framework to analyze the global macroeconomic spillovers from the 2026 oil shock. The BGVAR methodology, developed from the Global VAR tradition of Pesaran et al. (2004) and Dees et al. (2005) and extended with Bayesian shrinkage priors by Crespo Cuaresma et al. (2016) and Feldkircher and Huber (2016), provides a tractable yet richly specified approach to modeling high-dimensional international macro systems.

The model covers 14 economies: four major advanced economies (United States, euro area, United Kingdom, and Japan) and ten significant emerging markets (China, India, South Korea, Indonesia, Brazil, Mexico, South Africa, Turkey, Russia, and Poland). These economies collectively represent approximately 75% of global GDP and encompass substantial heterogeneity in energy trade positions, ranging from major importers (Japan and South Korea) to significant exporters (Russia).

A key methodological contribution is the treatment of oil prices as an exogenous global variable within the BGVAR structure. Following the dominant-unit approach discussed in Chudik and Pesaran (2015), Brent crude enters the system through a dedicated block. Crucially, oil prices directly influence the domestic variables of the 14 country-specific VARs (GDP, inflation, short-term policy rates, and 10-year bond yields) while remaining unaffected by individual country shocks within the same period. This specification aligns with structural identification strategies where short-run oil supply is typically treated as price-inelastic, as argued by Kilian (2009).

The paper proceeds as follows. Section 2 reviews the relevant literature on oil market VAR models and global VAR methods. Section 3 presents the BGVAR methodology.

Section 4 describes the data and trade-weight construction. Section 5 reports the empirical results, including impulse response functions and scenario analysis. Section 6 discusses policy implications, and Section 7 concludes.

2 Literature review

2.1 Oil market VAR models

The econometric analysis of oil price shocks has evolved substantially since Kilian (2009) foundational demonstration that "not all oil price shocks are alike". That work established that fluctuations in the real price of oil can stem from distinct structural sources-supply disruptions, aggregate demand shifts, and precautionary demand, each generating different macroeconomic dynamics.

Subsequent methodological refinements have moved from exclusion restrictions toward sign-identified models. Kilian and Murphy (2012) introduced static and dynamic inequality restrictions permitting non-zero but bounded supply elasticities, addressing concerns that literal zero restrictions may be too restrictive even if approximately satisfied in the data. The Kilian and Murphy (2014) extension to incorporate speculative storage demand proved particularly important for capturing expectations-driven price movements during geopolitical episodes.

Recent work has emphasized the importance of distinguishing oil price shocks from gasoline price shocks when analyzing inflation transmission. Kilian and Zhou (2022) demonstrate that the pass-through from oil to retail gasoline prices varies substantially over time, with the cost share of crude in retail prices historically ranging from 0.25 to 0.8. Their structural VAR approach for quantifying inflation scenarios, feeding externally generated oil price paths into a gasoline-inflation model, provides a methodological template this paper adapts to the GVAR context.

A most recent contribution by Kilian et al. (2026) specifically addresses the 2026 Iranian conflict using a scenario-based structural framework. They highlight that the inflationary pressure in the US is not only driven by the crude oil price surge but also by the de-anchoring of inflation expectations and the geopolitical premium embedded in gasoline futures. While their analysis provides a granular view of the domestic US transmission, this paper complements their findings by embedding the shock into a Global VAR framework to capture the international feedback loops and the heterogeneous responses of emerging markets.

2.2 Global VAR methods

The Global VAR framework introduced by Pesaran et al. (2004) addresses the dimensionality challenges inherent in modeling large cross-country systems. Rather than estimating a single high-dimensional VAR, the GVAR approach estimates individual country-specific VARX* models augmented with foreign variables constructed as weighted averages of other countries' variables. These models are then combined into a global representation for impulse response analysis and forecasting.

Dees et al. (2005) extended the framework to analyze euro area international linkages, establishing many conventions adopted in subsequent applications. The model's tractability comes from the weak exogeneity assumption on foreign variables, which permits estimation of country models separately before combining them. As Chudik and Pesaran (2015) note in their survey, this assumption is empirically testable and typically well-supported when bilateral trade weights are used for aggregation.

Bayesian estimation of GVARs, as implemented in the BGVAR package for R (Crespo Cuaresma et al., 2016; Feldkircher & Huber, 2016), addresses potential overfitting concerns in moderately sized country samples through shrinkage priors. The Minnesota prior specification, which assumes coefficients on higher lags and foreign variables are centered on zero with informatively chosen variances, has proven effective in balancing model flexibility against parameter proliferation.

2.3 Country-specific oil supply shocks

Mohaddes and Pesaran (2016) demonstrated that the global economic implications of oil supply shocks vary considerably depending on which country experiences the disruption. Their GVAR analysis showed that adverse shocks to Iranian output tend to be neutralized through Saudi Arabian production increases, while Saudi supply shocks, lacking compensating adjustment from other producers, generate persistent global effects. This finding has direct relevance to the 2026 conflict scenario. With Iranian exports disrupted alongside broader Persian Gulf shipping constraints, the normal equilibrating mechanisms identified by Mohaddes and Pesaran cannot operate. Saudi production diverted through Red Sea ports faces interdiction risk, while the scale of the shock, potentially 20% of global supplies, exceeds historical precedents for within-OPEC rebalancing.

Recent work by Attilio (2024) has employed GVAR methods to examine oil-macro interactions in the context of financial spillovers and volatility, extending the framework to questions about transmission through asset markets. The current paper complements these analyses by focusing specifically on the real-economy transmission of a geopolitically driven supply shock.

3 Methodology

3.1 GVAR structure

To analyze the 2026 oil shock, we employ a Bayesian Global Vector Autoregressive model. The methodology follows a two-step estimation process: first, modeling individual economies as open systems (VARX*), and second, linking them through a global network based on trade and energy weights. For each country i, domestic variables x_{it} are determined by their own history, foreign-specific variables x^*_{it}, and a global dominant variable d_t representing the oil market. Following the dominant unit approach of Chudik and Pesaran (2015), the global oil market is integrated as a centralized block (oil price block) that exerts a common pressure on all units (see 1). The structural model for a given country i is defined as follows:

$$x_{it} = a_i + \Phi_i x_{i,t-1} + \Lambda_{i0} x^*_{it} + \Lambda_{i1} x^*_{i,t-1} + \Psi_i d_t + \epsilon_{it} \tag{1}$$

Where:

- x_{it} is the vector of domestic variables (GDP, inflation, and interest rates).
- x^*_{it} represents the foreign variables, constructed as trade-weighted averages: $x^*_{it} = \sum_{j \neq i} w_{ij} x_{jt}$.
- d_t is the dominant global variable (Brent crude price), which acts as a common factor for all economies.
- Φ_i and Λ_i are the coefficient matrices for domestic and foreign lags, respectively.
- Ψ_i is the coefficient matrix measuring the direct sensitivity of country i to oil price fluctuations.
- ϵ_{it} represents the idiosyncratic shocks (country-specific surprises).

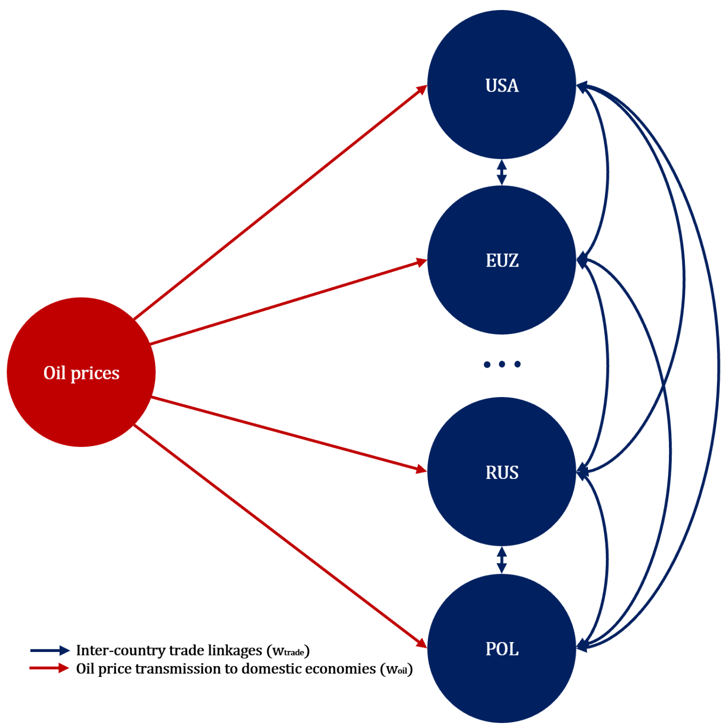

Figure 1: BGVAR architecture.
The diagram illustrates the dual-weighting scheme of the BGVAR. Blue arrows represent bilateral trade linkages (w_{trade}) between domestic economies. Red arrows denote the direct transmission of global oil price shocks to national variables (w_{oil}).

3.2 Bayesian framework

The Bayesian Global VAR framework is specifically employed to overcome the curse of dimensionality inherent in traditional global models. In a standard VAR, the number of parameters to estimate grows with the number of variables and countries, quickly exhausting degrees of freedom and leading to overfitting. The BGVAR addresses this by estimating country-specific models (VARX*) where foreign variables are collapsed into trade-weighted aggregates, significantly reducing the parameter space while maintaining global consistency.

A key methodological advantage of this study is the use of Bayesian shrinkage. By applying a Minnesota prior, the estimation shrinks the coefficients of distant lags and less significant cross-country interactions toward zero. Unlike frequentist GVAR approaches, this Bayesian discipline ensures numerical stability and prevents the model from being dominated by noise, which is particularly critical when modeling high-volatility events like a oil price shock.

The prior variances are governed by hyperparameters:

- λ_1 (own-lag tightness): Controls shrinkage on own-variable autoregressive coefficients.
- λ_2 (cross-variable tightness): Controls shrinkage on coefficients linking different variables.
- λ_3 (deterministic tightness): Controls shrinkage on constants and trends.
- λ_4 (lag decay): Controls the rate at which prior variances decline in lag length.

The baseline specification employs $\lambda_1 = 0.5$, $\lambda_2 = 0.1$, $\lambda_3 = 100$, and $\lambda_4 = 0.1$. This configuration moderately shrinks domestic coefficients while imposing stronger regularization on international spillover terms, reflecting the prior belief that cross-country transmission is present but operates with relatively smaller coefficients than domestic dynamics. The estimation uses 2000 burn-in iterations followed by 10000 retained draws, providing adequate convergence in diagnostic tests (see Model analysis).

3.3 Lag selection

Information criteria applied to individual country models suggest heterogeneous optimal lag lengths, ranging from 1 to 3 quarters. To maintain parsimony and ensure the stability of the global solution, the specification employs a uniform lag length of $p = 1$ for both domestic and foreign variables across all country models. This choice balances the need to capture dynamic adjustments against the proliferation of parameters in a 14-country system. As the model is estimated in first differences, a first-order lag structure is sufficient to capture the immediate persistence of shocks while avoiding over-parameterization in a Bayesian framework.

3.4 Identification and impulse response analysis

The transmission of energy shocks is analyzed using Generalized Impulse Response Functions (GIRFs). Unlike traditional methods, GIRFs do not require an arbitrary ordering of countries or variables. This is particularly relevant for this study, as it allows the data's historical correlations to determine how a shock in the oil price block spreads to national economies without imposing a pre-defined causal hierarchy.

4 Data and model specification

4.1 Country coverage and variables

The empirical framework encompasses 14 distinct geographic units alongside a specific global oil block, covering approximately 75% of global GDP. This broad coverage ensures that the model remains representative of the global economic landscape and its intricate trade interdependencies. The sample includes four major advanced economies (the United States, the euro area, the United Kingdom, and Japan) and ten key emerging markets: China, India, South Korea, Indonesia, Brazil, Mexico, South Africa, Turkey, Russia, and Poland. By incorporating both major energy importers, such as Japan and South Korea, and significant exporters like Russia, the model is positioned to identify the heterogeneous responses driven by differing structural positions in global energy trade.

For each country, the domestic variable vector includes the quarter-on-quarter log differences of real GDP and consumer price indices. Monetary policy dynamics are captured through the first differences of central bank policy rates. To reflect the complexity of advanced financial markets, the specification further includes 10-year government bond yields for the four mature economies and equity returns specifically for the United States. This asymmetric variable coverage leverages the modular flexibility of the BGVAR framework, allowing for a rich specification that respects differing levels of market depth across countries. All time series are sourced from the TAC ECONOMICS Datalab, ensuring historical consistency and rigorous cross-country comparability.

As shown in Figure 1, global interaction is governed by two distinct sets of weights: the trade matrix w_{trade} and the energy-specific weights w_{oil}. These matrices operate at different levels of the model hierarchy. Bilateral trade weights (w_{trade}) govern the linkages between the 14 country units. They are used to construct the foreign variables (x^*_{it}) for each economy, effectively linking domestic variables (GDP, inflation, interest rates) across borders based on bilateral trade intensities. This ensures that a shock in one country propagates directly to its commercial partners. Energy-specific weights (w_{oil}) govern the linkage between the domestic economies and the global oil block. Both weighting schemes are row-standardized, ensuring that the influence of foreign or global factors is proportional to each country's relative exposure, thereby maintaining a consistent representation of the global economic system.

4.2 Global oil variable

The price of Brent crude is integrated into the system as a dominant unit within a dedicated oil price. In the individual country-specific VARX* models, oil prices are treated as strictly exogenous, reflecting the structural reality that individual economies are generally price-takers in the global energy market (short-run supply of oil is highly price-inelastic). This is achieved by linking the oil price block to the rest of the system via energy-specific weights (w_{oil}). These weights are calibrated using World Development Indicator data (average since 2022), combining energy import dependence with total consumption scale (see Figure 2).

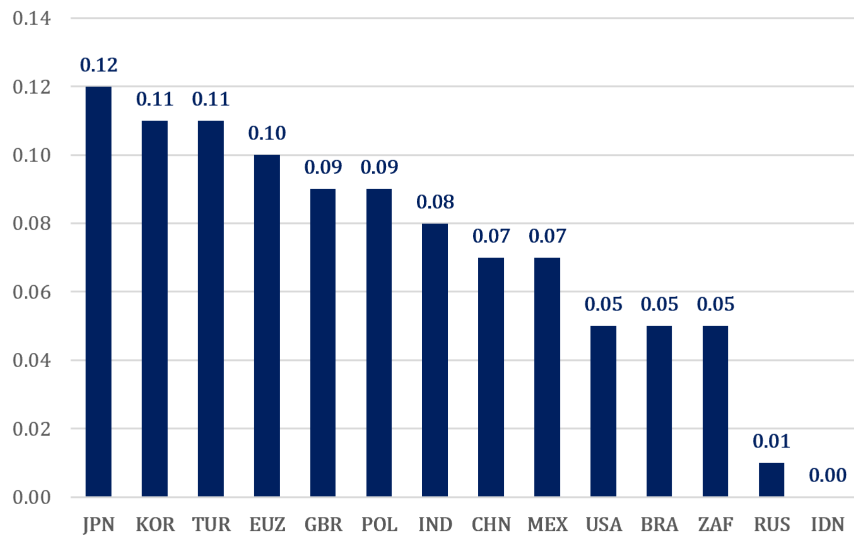

Figure 2: Vulnerability to fluctuations in oil prices.

4.3 Bilateral trade weights

The inter-country linkages in the GVAR are established through a bilateral trade weight matrix, w_{trade}. Following standard practice in the global VAR literature, these weights are constructed from total goods trade (the sum of exports and imports) between country pairs. Specifically, for each country i, the weight assigned to country j is calculated as the share of i's total trade conducted with j:

$$w_{ij} = \frac{Export_{i,j} + Import_{i,j}}{\sum_{k=0,k\neq i}^{N}(Export_{i,k} + Import_{i,k})}$$

The matrix is row-standardized, such that $\sum_{j=0}^{N} w_{ij} = 1$, ensuring that the domestic economy's exposure to foreign shocks is proportional to its trade openness. With this restriction, we treat the 14-country sample as a self-contained global system. Given that the selected economies represent 75% of global output, this approximation remains robust, as the missing 25% consists primarily of smaller, non-systemic economies whose idiosyncratic shocks are unlikely to alter the global equilibrium or the transmission of the 2026 oil shock.

Trade data are sourced from the TAC ECONOMICS Datalab. The weights are calculated as the average of bilateral flows from 2022 to the present, capturing the most recent trade patterns, such as the regionalization of supply chains, while avoiding the idiosyncratic distortions of the COVID-19 pandemic years. For the euro area aggregate, intra-zone trade is excluded to focus solely on extra-area flows, reflecting its role as a single systemic bloc.

As shown in Figure 3, the resulting matrix w_{trade} exhibits strong regional clusters, such as the high dependency of Poland on the euro area, the US-Mexico nexus, and the central role of China as a trade hub for Asian emerging markets. The row-standardization highlights the systemic asymmetry of the global economy: while emerging markets are highly sensitive to shocks emanating from the three main hubs (USA, EUZ, and CHN), the feedback effects from peripheral economies remain marginal, reinforcing the role of the GVAR in capturing hierarchical spillovers.

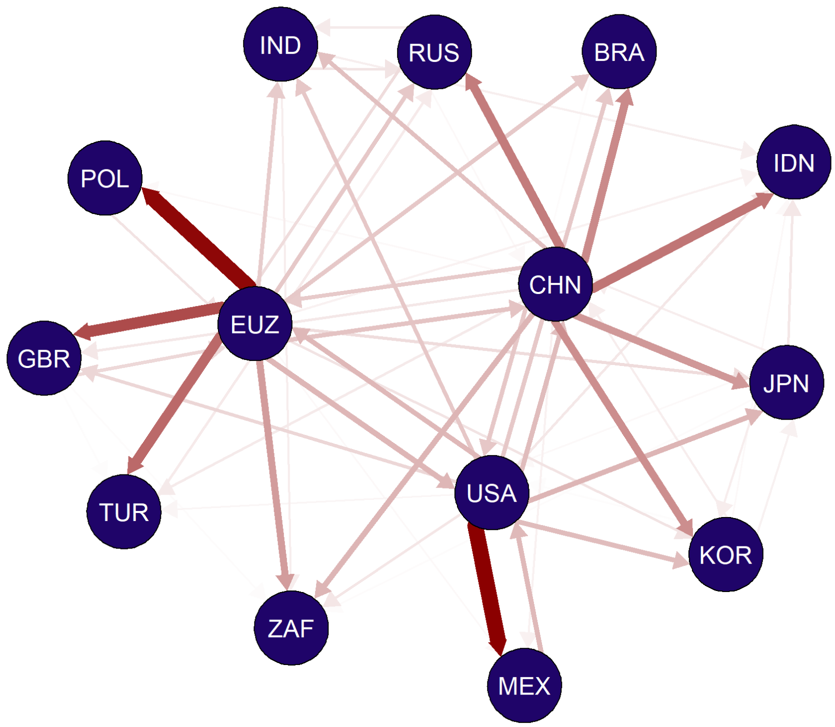

Figure 3: Bilateral trade weights.
Arrow thickness illustrates the degree of dependence: an economy at the arrowhead is influenced by the one at its base, in proportion to the magnitude of the flow.

4.4 Sample period

The estimation sample spans from 2000Q1 to 2025Q4. The start date of 2000 is chosen to ensure the inclusion of the euro area as a unified entity and to provide a sufficiently long and consistent time series for emerging markets at a quarterly frequency. This twenty-five-year period encompasses various oil market regimes, including the demand-driven boom of 2008, the supply-side collapse of 2014, and the 2022 shock following the invasion of Ukraine, providing historical variation to identify the structural parameters. The sample cutoff at 2025Q4 serves as the jumping-off point for the out-of-sample scenario analysis of the 2026 Iranian conflict.

5 Results

5.1 Impulse responses to oil shock

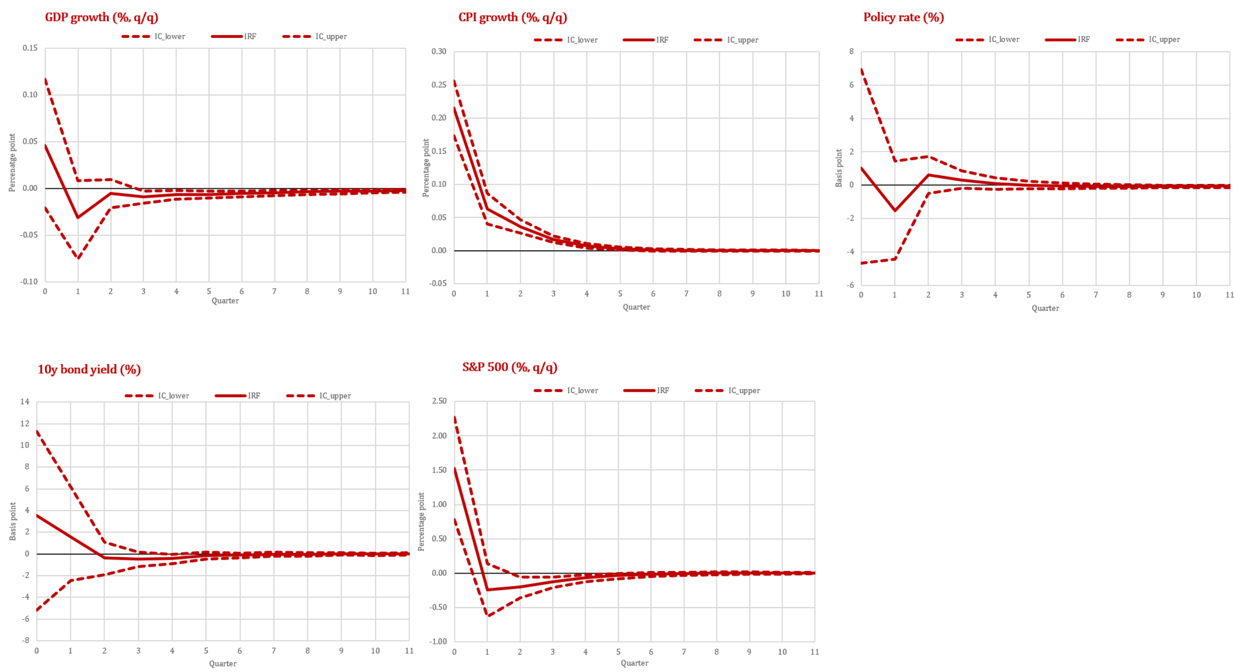

Figure 4: USA impulse response functions.

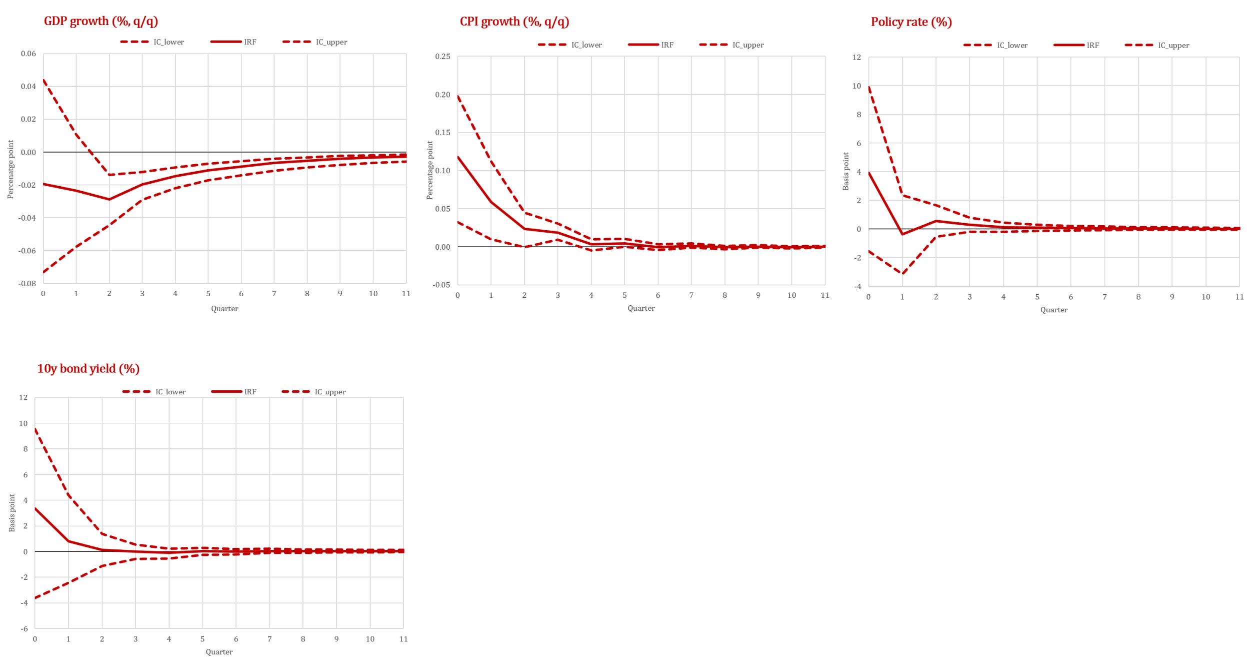

Figure 5: EUZ impulse response functions.

Figures 4, 5, and 6 presents the generalized impulse response functions following a 10% increase in the quarterly log-difference of Brent crude prices for the United States, the euro area, and China, respectively—the three main hubs identified in the section Bilateral trade weights. The IRF appendix presents the generalized impulse response functions for the 14 economies. They reveal a transmission pattern that is both globally pervasive and structurally differentiated, reflecting the heterogeneous energy positions of the economies in the sample. Given that the model is estimated in first differences, the shock represents a permanent upward shift in the price level of oil, and the impulse responses accordingly measure the effect on each variable over the three-year horizon. The model analysis, which enables the interpretation of these IRFs, is available in the dedicated appendix.

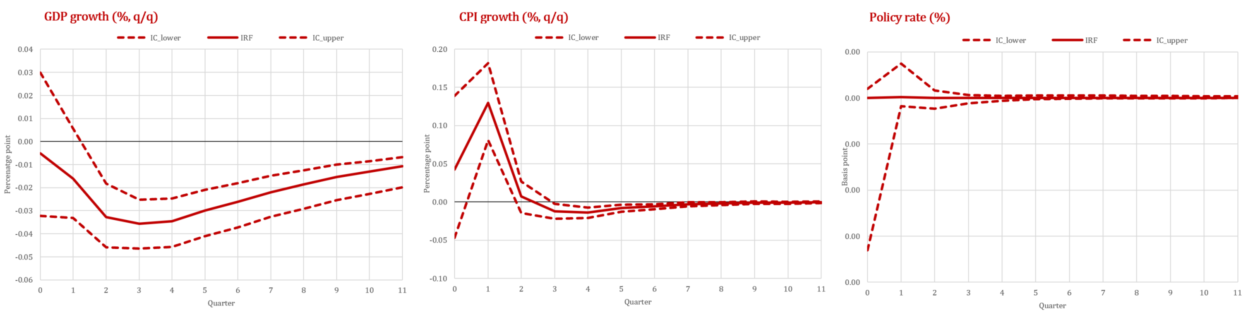

Figure 6: CHN impulse response functions.

5.1.1 Real GDP effects: a uniform but differentiated drag

The output responses reveal short-run heterogeneity followed by convergence toward a modest negative cumulative effect across most economies, illustrating the dual channel through which oil shocks propagate (direct cost-push and indirect demand compression). The latter channel operates in part through trade: as the shock simultaneously depresses domestic purchasing power across the major economies, the resulting contraction in global trade volumes amplifies the growth drag beyond what a purely domestic transmission would imply, a mechanism particularly consequential for the most open and energy-dependent economies in the sample.

Among advanced economies, Japan displays the most immediate output contraction (almost -0.1 pp on impact), reflecting its near-total import dependence and the historically well-identified sensitivity of Japanese manufacturing to energy costs, compounded by the deterioration of export demand from trading partners facing the same shock. The euro area exhibits a more gradual but persistent contraction, accumulating a GDP loss of approximately -0.1 pp over three years, consistent with the progressive erosion of household purchasing power and corporate margins under sustained elevated energy costs, reinforced by the weakening of external demand from its major commercial partners. The United Kingdom accumulates a more modest loss, while the United States shows a marginally positive impact response (+0.05 pp), which likely reflects the positive income effects accruing to its domestic energy production sector, before the demand drag prevails and the cumulative effect turns slightly negative by the end of the horizon.

Among emerging markets, the results are more varied. China sustains the most persistent output drag, with a cumulative contraction of -0.3 pp over twelve quarters driven by a consistent sequence of negative quarterly responses beginning in quarter two, confirming its structural sensitivity as the world's largest oil importer by volume and an economy heavily exposed to any deterioration in global trade flows. India similarly accumulates a -0.2 pp output loss. In contrast, Russia's GDP response is significantly positive: the point estimates at horizons zero and one reach +0.2, statistically significant at conventional credible levels. This response captures the favorable revenue windfall that accrues to a major hydrocarbon exporter facing a supply-side price increase and constitutes the most structurally distinct trajectory in the sample. Brazil and Turkey also record positive on-impact GDP responses (+0.2 pp), reflecting in the Brazilian case partial commodity export gains and in the Turkish case a more complex short-run financial channel, though both trajectories subsequently reverse as the global demand slowdown propagates through trade linkages. Mexico registers positive GDP responses in the first two quarters, consistent with its oil exporter status, but the effects are smaller and the subsequent decay is rapid.

5.1.2 Inflationary transmission across advanced economies

The pass-through of the oil shock to consumer prices in advanced economies is rapid but moderate in magnitude, peaking within the first two quarters before decaying smoothly. The United States exhibits the sharpest and most precisely identified impact response, with CPI growth rising by 0.2 pp on impact, yielding a cumulative inflationary effect of around 0.3 pp over twelve quarters. This result is consistent with the relatively high share of energy in the US consumption basket and the well-documented sensitivity of gasoline prices to crude fluctuations documented in the literature. The United Kingdom displays a similarly front-loaded but more gradual response, with the cumulative effect reaching 0.3 pp by horizon twelve, largely driven by continued pass-through in quarters one through three. The euro area and Japan exhibit more muted inflationary responses, with cumulative effects of approximately 0.2 and 0.1 pp, respectively, consistent in Japan's case with the historical attenuation of commodity pass-through under deflationary structural conditions. Across all four mature economies, the inflationary impulse largely dissipates after the fourth quarter, suggesting that second-round effects, while present, are limited under the historical monetary policy regime captured in the estimation sample.

5.1.3 Inflationary transmission across emerging markets

Among emerging economies, inflationary responses are both larger and more dispersed, reflecting heterogeneity in energy subsidy regimes, exchange rate pass-through, and commodity import dependence. India records the most pronounced inflationary response in the sample, with CPI growth rising by 0.3 pp in the first quarter and a cumulative effect of 0.4 pp, consistent with the economy's high oil import dependence and historically incomplete fuel price regulation. South Africa and South Korea register sharp on-impact responses of approximately 0.2 pp, driven by their structural exposure as net energy importers. Turkey presents a large but statistically uncertain inflationary response—the point estimate peaks at 0.2 pp in quarter one, but the credible intervals remain wide throughout, reflecting the elevated macro-financial volatility historically characterizing this economy. Indonesia exhibits a delayed pass-through pattern, with an initial negative point estimate on impact followed by a statistically significant positive response in quarter one, a pattern consistent with administered fuel pricing that delays but does not eliminate the transmission of international price signals. Brazil and Mexico, as partial energy producers, display subdued and largely non-significant CPI responses.

5.1.4 Monetary policy and financial market responses

The monetary policy responses across the sample reveal a consistent hawkish bias among oil-importing economies facing inflationary pressure, though the magnitudes involved remain modest in absolute terms. For a 10% oil shock of the type simulated here, the estimated rate responses are in most cases well below the conventional 25 bp threshold that would constitute an actual policy move and should therefore be interpreted as indicative of the directional bias that central banks would likely translate into action if the shock were of greater scale or duration, as is the case in the scenarios developed in the next subsection.

Among emerging markets, India displays a tightening signal, with rates rising by an estimated 5 bp in the first quarter following the inflationary pass-through and a cumulative effect stabilizing near 9 bp over the horizon. South Korea and Brazil similarly exhibit a hawkish orientation, with cumulative responses of approximately 5 and 28 bp, respectively, the latter carrying wide credible intervals reflecting Brazil's historically volatile monetary policy environment. Turkey registers a very large on-impact response (+9 bp) whose statistical significance on impact is not sustained in subsequent quarters, reflecting the idiosyncratic character of Turkish monetary policy over the estimation period. South Africa presents a counter-cyclical pattern: rates decline significantly on impact (-5 bp, with the credible interval entirely below zero), suggesting that the Reserve Bank has historically prioritized growth support over inflation control when facing external supply shocks, a dovish bias that subsequently partially reverses. China and Poland exhibit no discernible rate response throughout the horizon, consistent with administered rate-setting in the former and Eurozone monetary convergence in the latter.

Among advanced economies, the directional bias is more muted, though still interpretable. The euro area displays a gradual hawkish lean, with short-term rates accumulating approximately 5 bp over twelve quarters, consistent with the ECB's historically attentive posture toward energy-driven inflation. The United Kingdom shows a qualitatively similar tightening bias, accumulating 3 bp, with a larger initial spike followed by partial reversal. The United States exhibits a mixed signal: a marginally positive cumulative response fading toward zero, with negative point estimates emerging from horizon seven onward, tentatively suggesting that the growth drag eventually dominates the inflation signal in the Fed's reaction function under the historical sample. Japan's policy rate is essentially unresponsive throughout, consistent with the Bank of Japan's structurally constrained rate-setting environment.

5.1.5 Cross-country synthesis

Taken together, the GIRF analysis confirms three broad empirical regularities. First, the oil shock generates a near-universal inflationary impulse, but the magnitude and persistence of pass-through are strongly mediated by structural factors, including energy import dependence, subsidy regimes, and exchange rate sensitivity. Second, the real output effects are uniformly negative over the medium term for oil-importing economies, with China and India bearing the largest cumulative costs; this growth drag operates through both the direct cost-push channel and the indirect compression of global trade volumes, which amplifies cross-border spillovers beyond what bilateral energy exposure alone would predict. Third, monetary policy responses signal a hawkish bias in oil-importing emerging markets—most clearly in India, South Korea, and Brazil—while commodity exporters and economies constrained by institutional anchors display either accommodation or inertia. These magnitudes, however, remain sub-threshold for a normalized 10% shock, and the extent to which they translate into actual policy rate adjustments depends critically on the scale and duration of the underlying energy disruption. These heterogeneous structural responses provide the empirical foundation for the scenario analysis developed in the following subsection, which translates the historical transmission coefficients into quantified macroeconomic projections under three distinct paths for the 2026 Iranian oil shock.

5.2 Scenario analysis

5.2.1 Compound shock methodology

To simulate the disruption in the Strait of Hormuz, we construct a compound shock trajectory by introducing a sequence of consecutive shocks to the global oil price unit over four consecutive quarters. Since the model is estimated in log-differences, a single GIRF captures only the immediate effect of a one-time price acceleration. To replicate the dynamics of a prolonged supply crisis—characterized by successive accelerations or partial corrections in price growth—we superimpose four lagged GIRFs (with different magnitudes of oil shock), each shifted by one quarter relative to the previous one. This ensures that the global variables react to a continuous flow of shocks rather than a single transitory pulse. The macroeconomic trajectory of any variable y at quarter t under this compound shock is therefore defined by the weighted sum of historical and contemporaneous innovations:

$$\hat{y}_t = \sum_{k=0}^{\min(t,3)} \delta_k \cdot \mathrm{GIRF}(t-k) \tag{2}$$

where δ_k represents the magnitude of the innovation applied at quarter k, and $\mathrm{GIRF}(h)$ denotes the model's impulse response at horizon h. In this framework, the value $\hat{y}_t$ accounts for the "echo" of previous shocks still propagating through the global system alongside the impact of the new innovation occurring at time t.

Three distinct scenarios are constructed by varying both the quarterly magnitudes δ_k and the duration of the persistence, translating the geopolitical narrative and associated physical disruptions into three specific Brent price trajectories as shown in Figure 7.

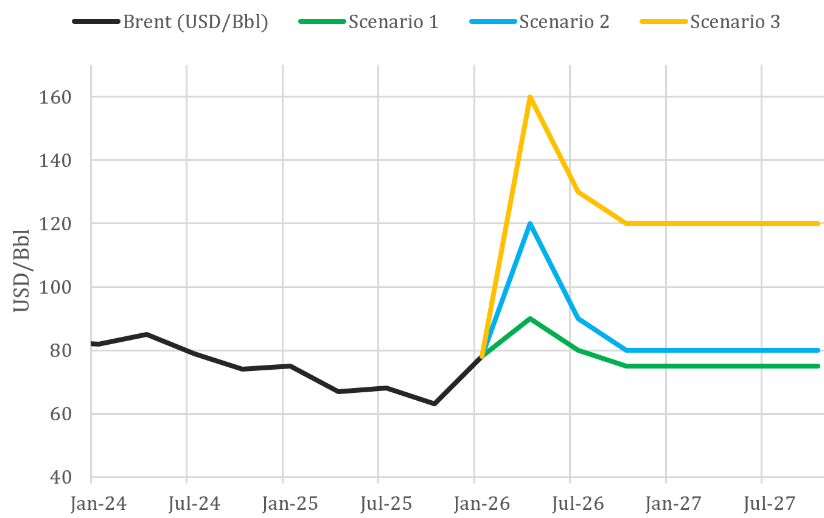

Figure 7: Brent scenarios (USD/Bbl).

While this paper focuses on the price of Brent crude as the primary impulse, the 2026 disruption in the Strait of Hormuz is inherently a multi-commodity shock. The model does not explicitly capture the simultaneous surge in natural gas prices (LNG), nor the physical supply chain disruptions arising from the blockage of a critical maritime artery. Consequently, the BGVAR likely provides a lower-bound estimate of the total stagflationary impact.

5.2.2 Scenario design and oil price trajectories

The three scenarios are calibrated around the analytical framework developed in the TAC ECONOMICS *Quarterly Cyclical Outlook* (Q2 2026), which structures the conflict's macroeconomic implications around three regimes of progressively greater disruption, each associated with a distinct oil price profile as shown in Figure 7. The initial shock is common to all three scenarios, as it has already been observed (Brent crude oil price at USD 78/Bbl in the first quarter of 2026).

Scenario 1 - Normalization captures a rapid de-escalation consistent with a logistical disruption that resolves within one quarter. The ceasefire of April 7, 2026, if confirmed by a resumption of commercial tanker traffic exceeding twenty vessels per day through the Strait within the following weeks, defines the boundary conditions for this regime. Under this scenario, Brent crude is assumed to peak at 90 USD/Bbl in Q2 2026 before following a downward path toward 80 USD/Bbl in Q3 and 75 USD/Bbl by year-end. This trajectory reflects the hypothesis that initial supply shortfalls are gradually absorbed by a recovery in global inventories and non-Gulf spare capacity. The key macroeconomic signature of this regime is a brief stagflationary impulse, two quarters of price pressure, and a modest slowdown in demand, without lasting second-round effects on wages or expectations.

Scenario 2 - Persistence corresponds to a configuration in which the ceasefire remains ambiguous and the Islamabad negotiations fail to produce convergent text on the critical points: control of the strait, uranium enrichment, and the political status of downstream actors. In this regime, physical flows through Hormuz resume only partially, and the market prices are sustained operational uncertainty. Brent crude is assumed to spike to an average of 120 USD/Bbl in Q2 2026, marking a severe supply disruption. Then, prices are projected to decline to 90 USD/Bbl in Q3 and reach 80 USD/Bbl by year-end, as demand destruction and partial substitution begin to weigh. This profile differs qualitatively from Scenario 1 not in the initial magnitude of the shock but in its duration: beyond a threshold of approximately three months of disruption, documented in the literature following Kilian (2009), economic agents cease to treat the energy shock as transitory and incorporate it into their pricing and wage-setting behavior. Second-round effects become activated, and the macroeconomic persistence of the shock exceeds what the initial impulse alone would predict.

Scenario 3 - Breakdown crosses the threshold from a logistical disruption to a productive shock. While the initial strikes on the Ras Laffan complex and South Pars facilities in March 2026 set the stage, this scenario assumes an escalation toward the systematic destruction of regional energy assets, extending far beyond those primary targets to encompass broader extraction and processing networks. This widespread damage creates a repair horizon that extends over years rather than months. In this scenario, Brent crude surges to an average of 160 USD/Bbl in Q2 2026, staying well above historical norms as it eases only partially to 130 USD in Q3 and 120 USD by year-end. This persistent high-price environment reflects the irreversible nature of capacity destruction, which prevents normalization even after potential diplomatic resolutions. The macroeconomic dynamics of this regime are governed by three overlapping inflationary waves with distinct timelines: an immediate energy shock, a delayed industrial pass-through via petrochemical and transportation cost channels, and a slow-moving food price shock arising from the disruption of nitrogen fertilizer supply chains.

Across all three scenarios, oil prices fail to converge back to their pre-shock levels (which stood at 63 USD/Bbl in Q4 2025). This permanent wedge reflects a residual geopolitical risk premium that remains embedded in market valuations, as the disruption shifts long-term expectations regarding supply security in the region.

5.2.3 Macroeconomic results by scenario

The impulse response functions, associated confidence intervals, and cumulative distribution functions for the three simulated scenarios are provided in the dedicated appendix.

Before detailing the results, a methodological caveat is necessary regarding Scenario 3. Unlike the first two regimes, the breakdown scenario simulates a shock of a magnitude and duration that finds no direct parallel in the 2000–2025 estimation sample. Consequently, while the BGVAR provides precise point estimates, these should be interpreted as linear extrapolations into uncharted territory. As discussed in the Limitations Section, the model likely underestimates the non-linear ruptures, such as systemic financial stress or total regime shifts in expectations, that a 160 USD/Bbl environment would trigger.

Growth effects. The GDP results across the three scenarios confirm and amplify the structural asymmetry identified in the GIRF analysis. Under Scenario 1 (see Table C1), the quarterly growth impact remains limited and broadly consistent with the one-shock GIRFs. The on-impact period-specific response is positive for energy exporters; Russia registers a quarterly contribution of +0.6 pp at impact, Brazil +0.4 pp, and Turkey +0.5 pp, while net importers record immediate contractions, most sharply in Japan (-0.2 pp at impact) and the euro area (-0.1 pp). Cumulatively over the full horizon, these on-impact gains for exporters are subsequently eroded as the global demand slowdown propagates. The United States, benefiting from domestic energy production, posts a near-zero cumulative deviation, reflecting the near-cancellation of the initial income effect and the subsequent demand drag.

Under Scenario 2 (see Table C4), the "non-linearity" of the compound mechanism becomes apparent. The period-specific GDP impact in quarter two, when the second innovation hits an economy already weakened by the first, is significantly more negative than the corresponding quarter-two GIRF response under a single shock. The euro area's quarterly contribution in quarter two reaches -0.2 pp, against -0.1 pp under Scenario 1, and its cumulative twelve-quarter loss deepens to approximately -0.6 pp. Japan's cumulative contraction approaches -0.6 pp as well, consistent with its position as the most import-dependent economy in the sample. Among emerging markets, China's cumulative loss under Scenario 2 reaches approximately -1.1 pp, far exceeding the Scenario 1 outcome, driven by the combination of high oil import dependence and structural exposure to the global trade contraction that amplifies as the shock compounds. Russia's cumulative GDP gain continues to accumulate through the first three quarters, before the global demand contraction begins to weigh on this trajectory in the outer quarters.

Under Scenario 3 (see Table C7), the growth dynamics are governed by a sequence of compounding negative impulses that push several economies beyond unambiguous statistical significance throughout the horizon. Notable in this scenario is that the United States, despite its energy producer status, accumulates a clearly negative cumulative GDP effect of approximately -0.3 pp over the full horizon, as the demand destruction channel overwhelms the initial terms-of-trade gain. The euro area approaches stagnation in quarterly terms during quarters two and three, with its cumulative twelve-quarter contraction reaching approximately -1.5 pp. China's cumulative losses under Scenario 3 is among the largest in the sample (-2.6 pp), reflecting the dual exposure to elevated import costs and deteriorating external demand. Finally, the results for Russia, especially for Scenario 3, should be treated with caution, as they primarily reflect pre-2022 structural elasticities. The sanctions-driven decoupling and the recent transformation of the Russian economy suggest that historical transmission coefficients may no longer serve as a reliable guide for current dynamics, a limitation discussed in more detail in the Limitations Section.

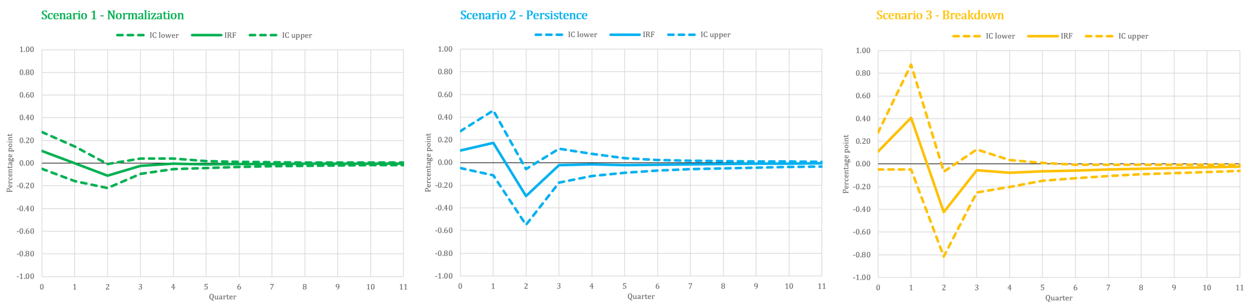

Figure 8: USA impulse response functions - GDP.

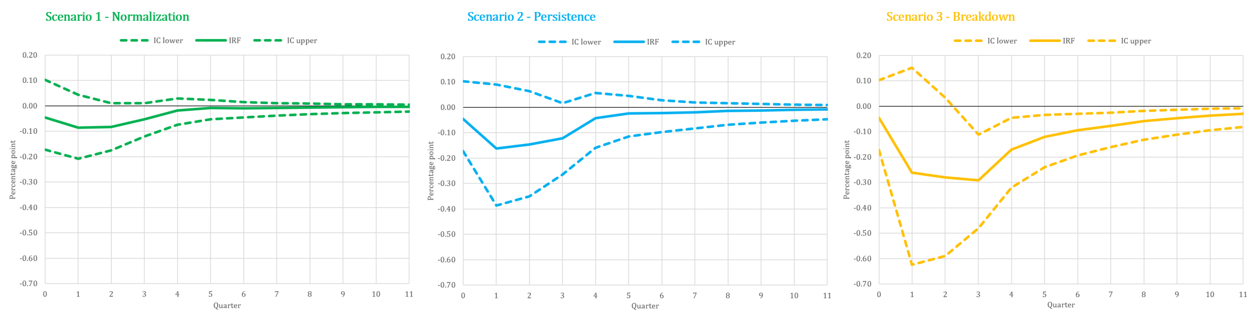

Figure 9: EUZ impulse response functions - GDP.

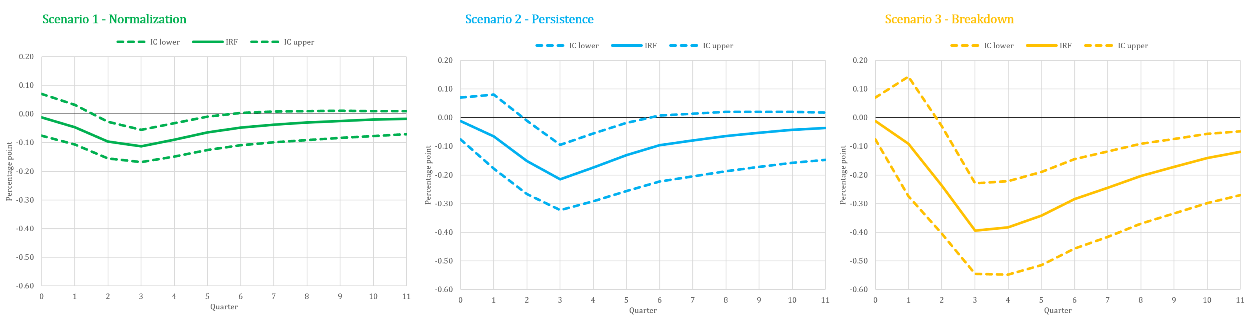

Figure 10: CHN impulse response functions - GDP.

Inflationary effects. The inflationary transmission across all three scenarios is front-loaded, with period-specific responses peaking sharply in the first two quarters before decaying, but the peak magnitude and cumulative persistence diverge substantially across regimes in ways that carry direct implications for central bank reaction functions.

Under Scenario 1 (see Table C2), the period-specific inflation impact in the first quarter is already large: the United States records +0.5 pp, the euro area +0.3 pp, and South Korea +0.4 pp, reflecting high import dependencies and incomplete fuel price regulation. Cumulatively over twelve quarters, these initial inflationary effects largely stabilize at modest levels under Scenario 1, consistent with the shock-absorbed regime in which pass-through dissipates within two to three quarters and second-round effects remain contained.

The transition to Scenario 2 (see Table C5) produces a qualitative shift in the inflation profile. Because the second innovation arrives before the first has fully dissipated, the period-specific response in quarter one of the compound shock more than doubles for several economies relative to Scenario 1: the United States records a quarterly contribution of +1.3 pp at that horizon, the euro area +0.8 pp, and India +1.2 pp. More importantly, the cumulative inflationary effect under Scenario 2 stabilizes at a persistently higher level than under Scenario 1 for all oil-importing economies: the United States cumulates approximately 1.4 pp of additional CPI growth over the full horizon, the euro area approximately 0.9 pp, and India approximately 1.8 pp. This persistence is the quantitative signature of the behavioral shift described in the scenario narrative: once agents cease to treat the shock as transitory, the cumulative inflation path diverges structurally from the Scenario 1 outcome even as individual quarterly contributions decay toward zero in the outer periods.

Under Scenario 3 (see Table C8), the cumulative inflation deviations reach levels that would, combined with pre-existing inflationary pressures, push headline inflation well above central bank targets in most economies through the forecast horizon. The United States cumulates approximately 3.5 pp of additional CPI growth over twelve quarters, a level that, superimposed on the pre-conflict trajectory of 2.4%, implies annual headline inflation approaching or exceeding 5% at the peak. The euro area and the United Kingdom cumulate approximately 2.3 and 3.5 pp, respectively, while India's cumulative inflationary deviation approaches 4.4 pp, the largest in the sample and one reflecting the structural vulnerability of this economy to sustained commodity price shocks. Indonesia's inflation profile is distinctive: the model captures a delayed but persistent pass-through consistent with administered fuel pricing, with a cumulative CPI deviation of approximately 1.1 pp under Scenario 3 that builds gradually rather than peaking sharply in the first quarter.

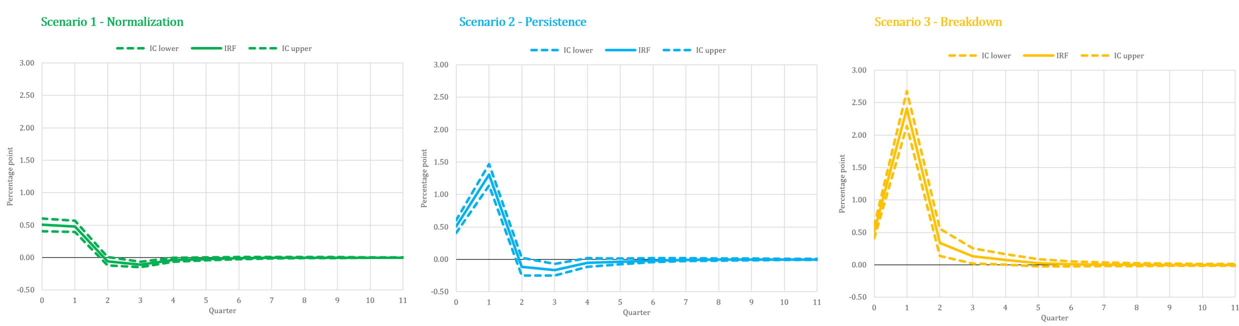

Figure 11: USA impulse response functions - CPI.

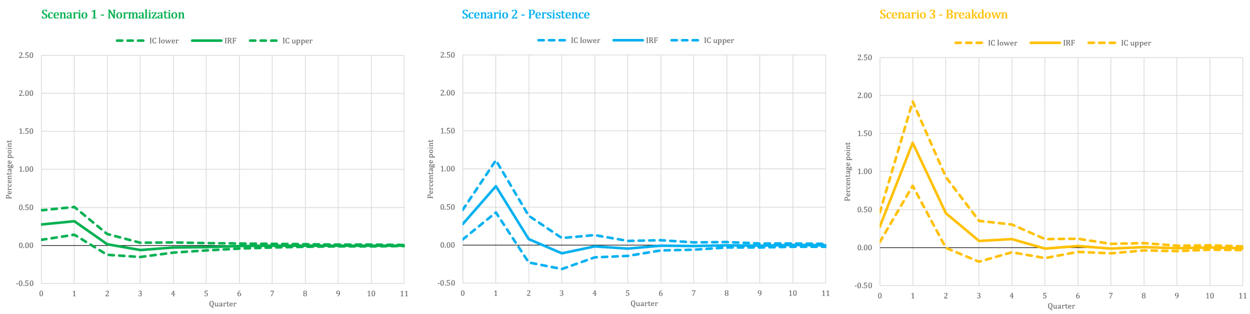

Figure 12: EUZ impulse response functions - CPI.

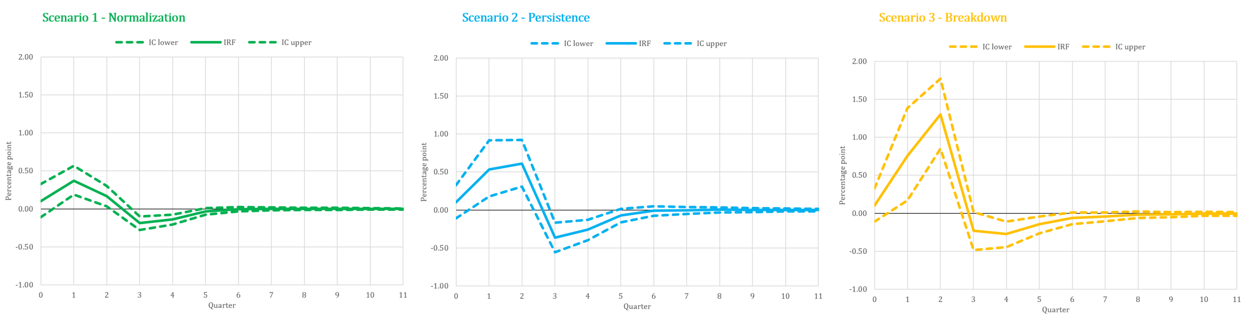

Figure 13: CHN impulse response functions - CPI.

Monetary policy responses. The monetary policy responses across the three scenarios reinforce the directional signals identified in the baseline GIRF analysis while confirming the regime-dependence of central bank reaction functions. Under Scenario 1 (see Table C3), all period-specific rate deviations remain below the 25 bp threshold in advanced economies, consistent with central banks adopting a wait-and-see posture: the shock subsides before it can permanently alter inflation expectations, and the cumulative rate deviation over twelve quarters is modest and gradually fading.

The transition to Scenario 2 (see Table C6) materially changes this picture for several economies. Among emerging market central banks, period-specific rate contributions cumulate significantly: India accumulates approximately 36 bp of additional tightening over twelve quarters, South Korea approximately 22 bp, and Brazil approximately 117 bp, though the latter carries wide credible intervals. These cumulative magnitudes now clearly exceed the single-move threshold at the twelve-quarter horizon, consistent with multi-step tightening cycles in response to persistent inflationary pressure. South Africa's cumulative rate path moves in the opposite direction, accumulating approximately -19 bp under Scenario 2, reinforcing the dovish bias identified in the GIRF analysis. Among advanced economy central banks, the euro area's cumulative rate deviation under Scenario 2 approaches approximately 20 bp over twelve quarters, providing quantitative support for the scenario in which the ECB executes one or two hikes of 25 bp to anchor expectations before second-round wage effects become entrenched.

Under Scenario 3 (see Table C9), cumulative rate deviations in oil-importing emerging markets reach levels consistent with significant tightening cycles: India accumulates approximately 91 bp, South Korea approximately 55 bp, and Brazil approximately 290 bp cumulatively, with the latter's wide intervals nonetheless centered firmly in positive territory from quarter two onward. South Africa's cumulative dovish bias deepens to approximately -45 bp, suggesting an increasingly accommodative central bank confronted with a severe recessionary demand shock that outweighs the inflationary impulse in its reaction function. For advanced economy central banks, Scenario 3 places all institutions in the dilemma between inflation credibility and growth support: the euro area's cumulative rate deviation approaches approximately 50 bp, while the United Kingdom approaches approximately 29 bp.

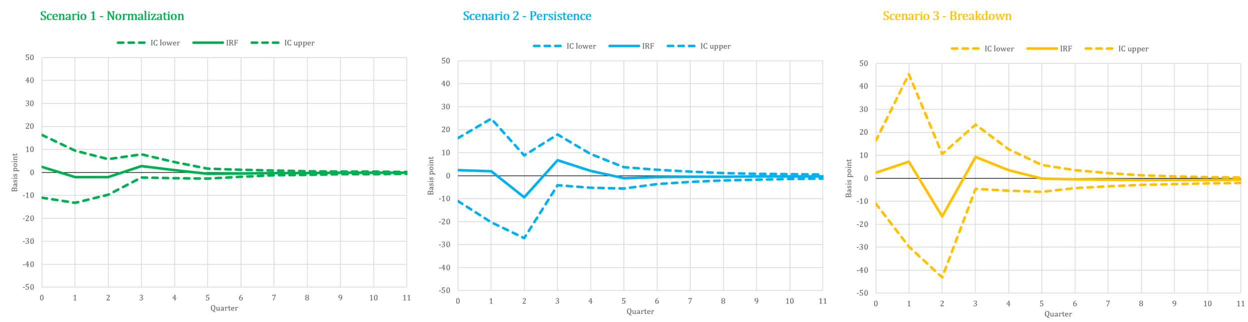

Figure 14: USA impulse response functions - Policy rate.

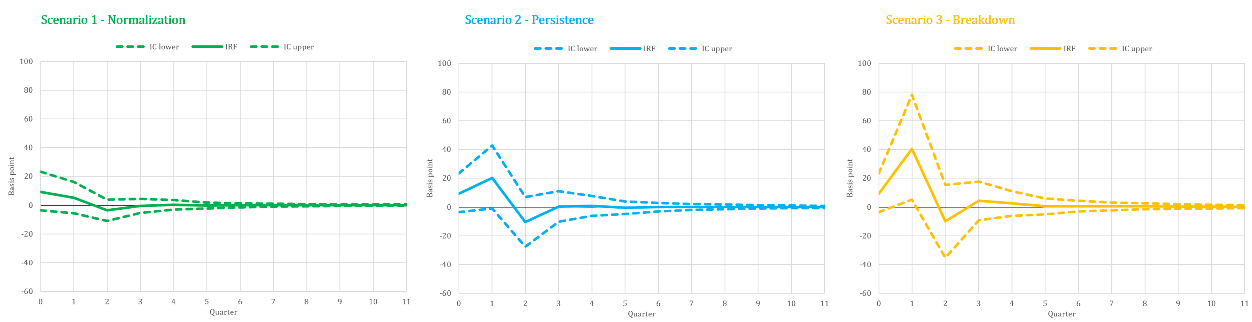

Figure 15: EUZ impulse response functions - Policy rate.

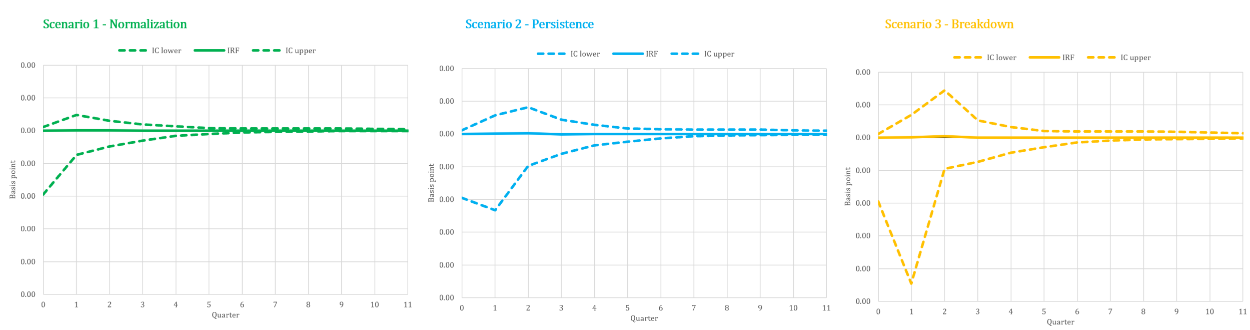

Figure 16: CHN impulse response functions - Policy rate.

Synthesis. Three structural conclusions emerge from the compound shock analysis. First, the non-linearity of duration is the dominant amplifier of macroeconomic impact: the transition from one to two quarters of sustained disruption produces disproportionate increases in both cumulative inflation and cumulative GDP loss, through the behavioral channels of expectation formation and second-round pricing that linear impulse response analysis cannot fully capture. Second, the cross-country heterogeneity is preserved and amplified across scenarios: Energy exporters' GDP impact is positive in the short term under all three regimes, while China, Japan, South Korea, and the euro area bear the largest cumulative output costs among the economies in the sample; this divergence is not merely a function of bilateral energy exposure but is amplified by the compression of global trade volumes that propagates across the BGVAR trade-weight network. Third, the monetary policy threshold is scenario-dependent in a precise and operationally relevant sense: Scenario 1 is consistent with central bank inaction in all advanced economies; Scenario 2 activates the conditions for tightening in the euro area and for multi-step cycles in India and South Korea; Scenario 3 places all oil-importing central banks in the stagflationary dilemma that has historically characterized the most damaging energy shocks. The cumulative rate deviations documented above provide the quantitative bridge between the BGVAR transmission estimates and the conditional policy projections developed in the TAC ECONOMICS *Quarterly Cyclical Outlook*.

6 Discussion

6.1 Methodological contribution and comparison with the literature

The BGVAR framework employed in this paper addresses a structural limitation of single-country approaches that is particularly consequential for the 2026 episode. When a geopolitical shock simultaneously hits the energy import bill of all major economies, the relevant counterfactual is not a world in which only one economy absorbs the shock but one in which the simultaneous compression of purchasing power across trading partners generates feedback loops that amplify and redistribute the initial impulse. Standard VAR approaches, by construction, cannot capture this mechanism. The BGVAR's bilateral trade-weight structure makes these spillovers explicit and estimable, and the resulting global solution produces transmission estimates that reflect the general equilibrium consequences of the shock rather than its partial equilibrium first-round effect.

Comparing the BGVAR estimates to the existing literature reveals both convergences and informative divergences. The period-specific US GDP response of approximately 0.1 pp per 10% oil price increase is modestly smaller than the single-country estimates of Kilian and Zhou (2022), a discrepancy that reflects precisely the general equilibrium attenuation built into the global framework: the simultaneous demand compression among US trading partners limits the export channel that would otherwise partially offset the domestic cost-push effect, producing a net output response smaller than a closed-economy model would suggest. For inflation, the BGVAR estimates align closely with Kilian and Zhou (2022) once the crude-retail cost share is accounted for, providing external validation of the model's domestic transmission coefficients. The most recent contribution by Kilian et al. (2026), which specifically addresses the 2026 Iranian conflict through a domestic structural framework and highlights the role of expectation de-anchoring in the US gasoline price pass-through, provides a complementary perspective at the country level that the BGVAR cannot replicate in its granularity but that it embeds within a global context where cross-border feedbacks materially alter the ultimate macroeconomic outcome.

6.2 Policy implications

The results of the GIRF analysis and the three-scenario projections carry differentiated but consistent implications for the four main categories of policy actors engaged with the 2026 shock. A critical determinant for the absorption of this impulse is the macroeconomic starting point: entering Q2 2026, most advanced economies benefit from a favorable cyclical position, with inflation stabilized near target and output growth aligned with potential. This pre-shock stability provides central banks with significant institutional capital and a buffer to absorb the initial volatility without an immediate loss of credibility. For advanced economy central banks, the central message is regime dependence. Under the normalization scenario, the period-specific inflation deviations remain consistent with the historical pattern in which central banks tolerate first-round energy price effects while monitoring for second-round wage and expectation dynamics: the cumulative inflation deviations are meaningful but not destabilizing, and the associated output losses are mild enough. The critical diagnostic is not the initial price spike, which is common to all three scenarios, but the behavioral indicators that signal whether agents are treating the shock as transitory: medium-term inflation expectations in household and business surveys and the evolution of wage settlements in Q2 and Q3 2026. Under the persistence scenario, these thresholds are crossed, and the BGVAR's cumulative rate deviations provide quantitative support for one to two hikes. Under the breakdown scenario, the dilemma between inflation credibility and growth support becomes binding for all advanced economy central banks simultaneously.

For emerging market central banks, the policy calculus is more acute and more heterogeneous. The oil-importing economies facing the sharpest cumulative inflation deviations face tightening pressures that compound rapidly under the persistence and breakdown scenarios, with cumulative rate deviations reaching levels well above the single-move threshold even under Scenario 2. The model's results suggest that delayed action in these economies carries a higher cost than in advanced economies because the combination of larger initial pass-through, less well-anchored expectations, and exchange rate vulnerability creates a more rapid de-anchoring dynamic once the behavioral threshold is crossed. South Africa occupies the opposite position: its dovish policy bias identified in the GIRF analysis and amplified under the compound shock reflect structural patterns in which growth-stabilization motives have historically dominated inflation-control imperatives in the face of external supply shocks. Whether this pattern is appropriate in 2026 is a judgment the model cannot make, but the cumulative negative rate deviations serve as a warning that markets may reprice sovereign risk in this economy if the dovish bias persists under a scenario where inflation expectations are visibly drifting.

For fiscal authorities, the scenario analysis highlights a structural tension that is particularly acute in the breakdown regime. Unlike the monetary front, the fiscal starting point in

2026 is characterized by significantly reduced maneuverability compared to historical benchmarks. The economies bearing the largest cumulative output losses (China, the euro area, Japan, and the United Kingdom) are also the economies whose fiscal space was most constrained entering the conflict. While some euro area member states, such as Spain and Italy, have already proactively deployed targeted energy mitigation measures, the simultaneous deterioration of the primary balance through automatic stabilizers and the rise in sovereign borrowing costs under Scenario 3 create a confluence of pressures that constrains the stabilization capacity of government budgets at precisely the moment when it is most needed. The model does not explicitly endogenize fiscal policy, and this is a limitation: in practice, fiscal accommodation in economies with residual space will partially offset the projected output losses. This is most notable in the United States, where the implementation of the One Big Beautiful Bill—a major fiscal expansion program including tax reform, infrastructure spending, immigration measures, and healthcare change—provides a significant demand buffer. Conversely, the absence of such pre-existing or additional fiscal room in the United Kingdom and among more indebted euro area member states will likely amplify the contractionary effects of the shock.

For market participants and risk managers, the most operationally relevant implication of the scenario analysis is the non-linearity of duration. The marginal macroeconomic cost of allowing the disruption to persist beyond the first quarter is substantially higher than the initial impulse would suggest, because it is in the second and third quarters that the behavioral thresholds activating second-round dynamics are crossed.

6.3 Limitations

Several limitations warrant explicit acknowledgment. The most fundamental concerns the scope of the shock itself: while this paper focuses on the price of Brent crude as the primary impulse, the 2026 disruption in the Strait of Hormuz is inherently a multi-commodity shock. The model does not explicitly capture the simultaneous surge in natural gas prices nor the physical supply chain disruptions arising from the blockage of a critical maritime artery. Consequently, the BGVAR likely provides a lower-bound estimate of the total stagflationary impact.

Furthermore, the assumption of linearity embedded in the GIRF methodology remains a concern. For shocks of the magnitude simulated in Scenario 3, where the compound price deviation substantially exceeds any historical precedent in the estimation sample, non-linear dynamics may produce outcomes materially worse than the linear projections suggest. Potential regime shifts in inflation expectations, threshold effects in credit and financial conditions, or sovereign stress events in highly indebted emerging economies fall outside the model's identifying assumptions and should be treated as tail risks that the BGVAR quantifies imperfectly.

The transmission channels modeled here also face a structural constraint. The BGVAR primarily propagates the shock through bilateral trade linkages. In a systemic crisis of this scale, financial channels (sudden spikes in sovereign risk premiums, sharp exchange rate depreciations, and global flights to safety) would likely act as powerful amplifiers that the trade-centric specification cannot fully endogenize.

The treatment of the euro area as a single aggregate entity masks significant internal heterogeneity. While the aggregate fiscal space appears constrained, this average result obscures the fact that certain member states retain substantial maneuverability, while others face much tighter constraints. A country-level segmentation would be required to capture the full complexity of the euro area's internal policy dilemmas.

Parameter stability is a related concern. While the estimation sample from 2000Q1 to 2025Q4 encompasses a wide range of oil market regimes, the structural changes associated with the post-2022 geopolitical reconfiguration, including the partial decoupling of certain bilateral trade relationships, the progressive redirection of Russian energy export flows, and the energy transition investments that have altered import-dependence ratios in several European economies, may imply that historical transmission coefficients are imperfect guides to current dynamics. The model's posterior estimates reflect an average of pre- and post-break dynamics that the Bayesian shrinkage mitigates but cannot eliminate.

The Russian specification deserves particular caution. The inclusion of Russia is analytically important for capturing the exporter asymmetry that constitutes one of the paper's central findings, but the sanctions-driven structural transformation of the Russian economy since February 2022 means that the historical GIRF estimates may not accurately characterize current transmission. The Russia results should be interpreted as reflecting the pre-sanctions structural relationship between oil prices and Russian macroeconomic outcomes rather than a precise projection of post-2022 behavior.

Finally, the model's 14-economy coverage, while representing approximately 75% of global GDP, leaves unmodeled a set of Gulf and Sub-Saharan African economies that are either major oil exporters or highly energy-import-dependent and whose responses to the 2026 shock generate feedback effects on global trade and financial conditions that the model cannot directly capture. This omission is likely to cause the model to underestimate total global demand compression under the persistence and breakdown scenarios.

7 Conclusion

This paper has quantified the global macroeconomic transmission of the oil price shock generated by the February 2026 Iranian conflict using a Bayesian Global Vector Autoregressive framework covering 14 major economies. The central methodological contribution is the explicit modeling of international interdependencies—through bilateral trade-weight networks, Bayesian shrinkage estimation, and the treatment of Brent crude as an exogenous dominant unit—that single-country approaches are structurally unable to capture but that are indispensable for assessing a shock that simultaneously hits the energy import bill of all major economies.

The baseline impulse response analysis establishes three structural regularities that are robust across the sample. The inflationary transmission is rapid and near-universal but mediated by structural position: the magnitude of pass-through reflects not only energy import dependence but also the counteracting demand compression that simultaneously erodes output in the most exposed economies, explaining why the euro area and Japan display more muted inflation responses than their oil import weights alone would predict. The real output effects are uniformly negative for net importers over the medium term, amplified by the compression of global trade volumes that the BGVAR's network structure makes explicit; China, Japan, and the euro area bear the largest cumulative costs. Monetary policy responses signal a directional hawkish bias in oil-importing emerging markets that remains sub-threshold under a normalized single shock but becomes binding once the disruption persists.

The compound shock scenario analysis translates these structural coefficients into conditional projections under three trajectories. The key analytical result is that the macroeconomic cost of the 2026 shock is determined less by the initial price spike, which is common to all three scenarios, than by the duration of the supply disruption and the behavioral thresholds it crosses. A one-quarter logistical disruption produces manageable stagflationary impulses within standard policy frameworks. A two-quarter persistence regime activates second-round dynamics that double cumulative inflation deviations and deepen output losses disproportionately, pushing the euro area to the threshold of monetary tightening. A breakdown scenario, in which productive capacity is irreversibly destroyed, generates three overlapping inflationary waves whose cumulative effect would push headline inflation well above central bank targets across the developed world while simultaneously driving the deepest output contractions in the sample, confronting all oil-importing central banks with the stagflationary dilemma that has historically characterized the most damaging energy episodes.

Two results depart from standard intuitions and deserve emphasis. The non-linearity of duration is the dominant amplifier of macroeconomic impact: the marginal cost of allowing the disruption to persist beyond the first quarter is disproportionately large, because it is in this transition that behavioral thresholds are crossed and second-round dynamics activated. This implies that the scenario boundary between normalization and persistence is the single most consequential analytical judgment for policymakers and market participants in the weeks following the April 2026 ceasefire announcement. The second result concerns the limits of the exporter advantage: even large cumulative GDP gain from the oil revenue windfall is eventually constrained by the global demand recession that the BGVAR's trade-weight network propagates across all economies, demonstrating that in a sufficiently severe disruption scenario, the distinction between winners and losers is one of degree rather than kind.

This analysis contributes to the growing evidence that modeling frameworks which explicitly account for international interdependencies are not merely methodological refinements but are substantively necessary for assessing global shocks. The 2026 Iranian conflict represents a natural experiment in this regard: its effects are simultaneously supply-driven, geopolitically motivated, and propagated through the global trade and energy networks that the BGVAR is designed to capture. The divergence between the scenario outcomes documented here—manageable disruption under normalization versus potential synchronized inflationary recession under breakdown—is not a function of model assumptions but of the structural transmission relationships embedded in twenty-five years of global macroeconomic data, and it underscores the analytical value of maintaining globally consistent modeling frameworks capable of responding in real time to the evolving character of major geopolitical shocks.

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Appendices

A Model analysis

Convergence diagnostics indicate a satisfactory performance of the MCMC sampler. The Geweke test for equality of means fails to reject convergence for approximately 78% of the parameters, suggesting adequate mixing of the posterior chains. Regarding model adequacy, 61.7% of country-variable pairs show no significant residual autocorrelation at the 10% level. While some remaining persistence is observed—particularly in emerging market price indices—it represents a deliberate trade-off for maintaining a parsimonious lag structure ($p = 1$). Crucially, the global stability of the system is robust, with 97.7% of the posterior draws satisfying the stability condition. This ensures that the simulated transmission of the 2026 oil shock is grounded in a structurally stable global solution.

B Impulse response functions

The following figures present the generalized impulse response functions following a 10% increase in the quarterly log-difference of Brent crude prices. They reveal a transmission pattern that is both globally pervasive and structurally differentiated, reflecting the heterogeneous energy positions of the economies in the sample. Given that the model is estimated in first differences, the shock represents a permanent upward shift in the price level of oil, and the impulse responses accordingly measure the effect on each variable over the three-year horizon.

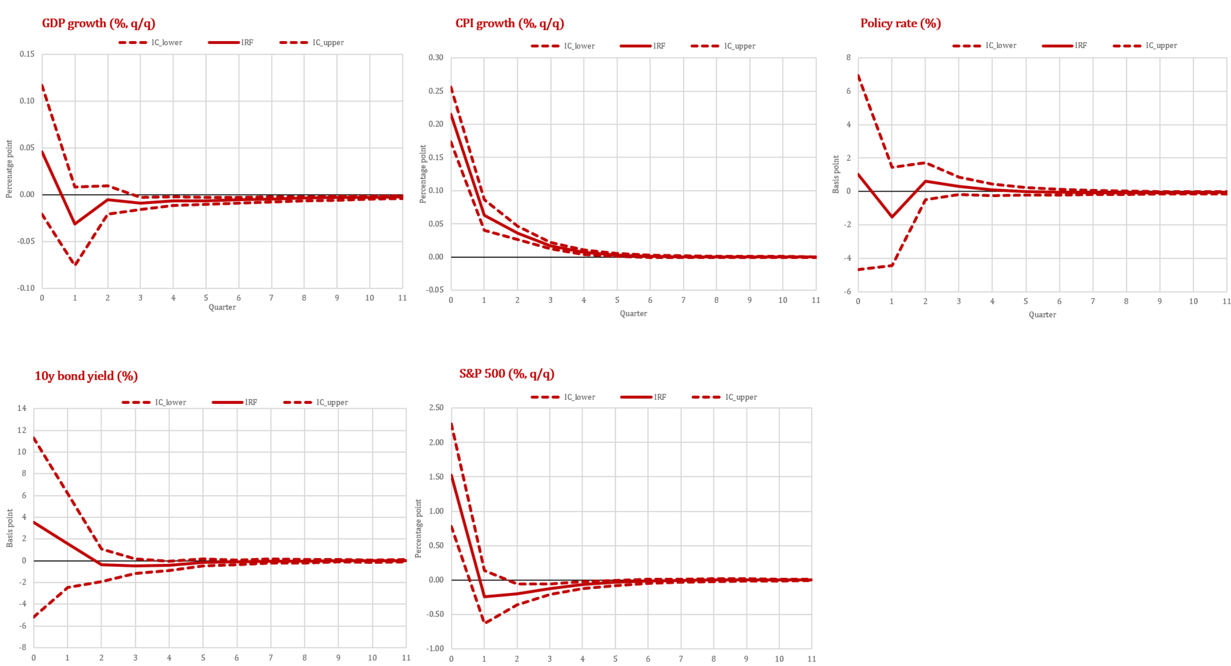

Figure B1: USA impulse response functions.

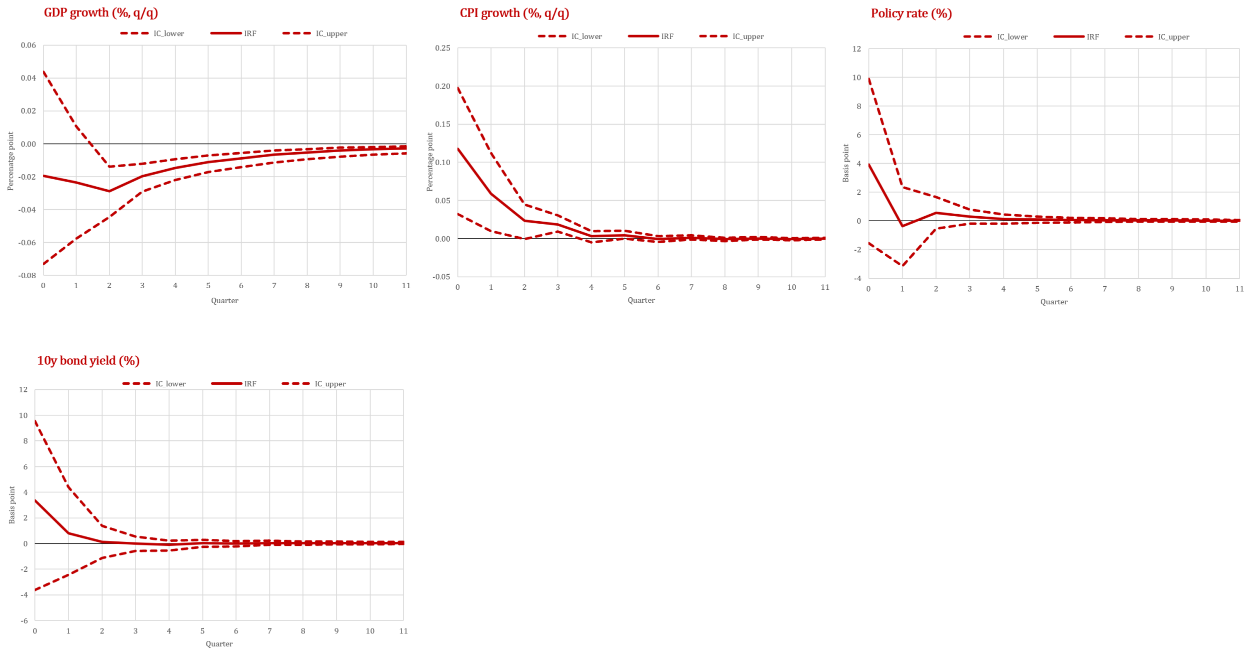

Figure B2: EUZ impulse response functions.

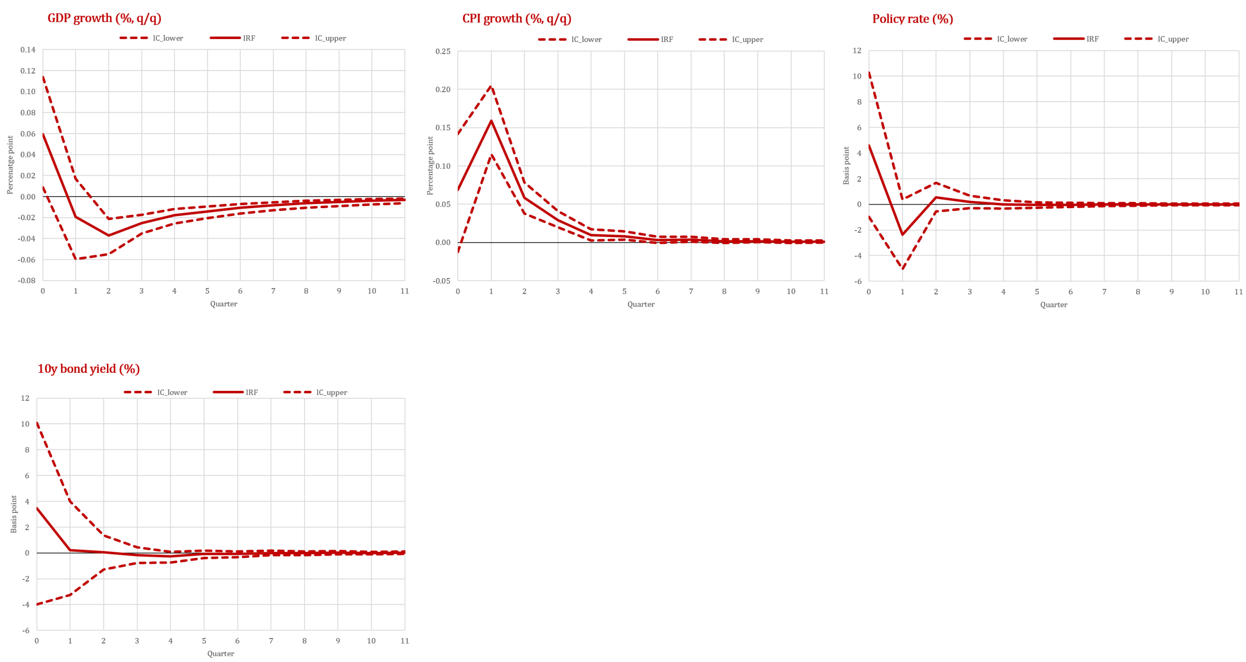

Figure B3: GBR impulse response functions.

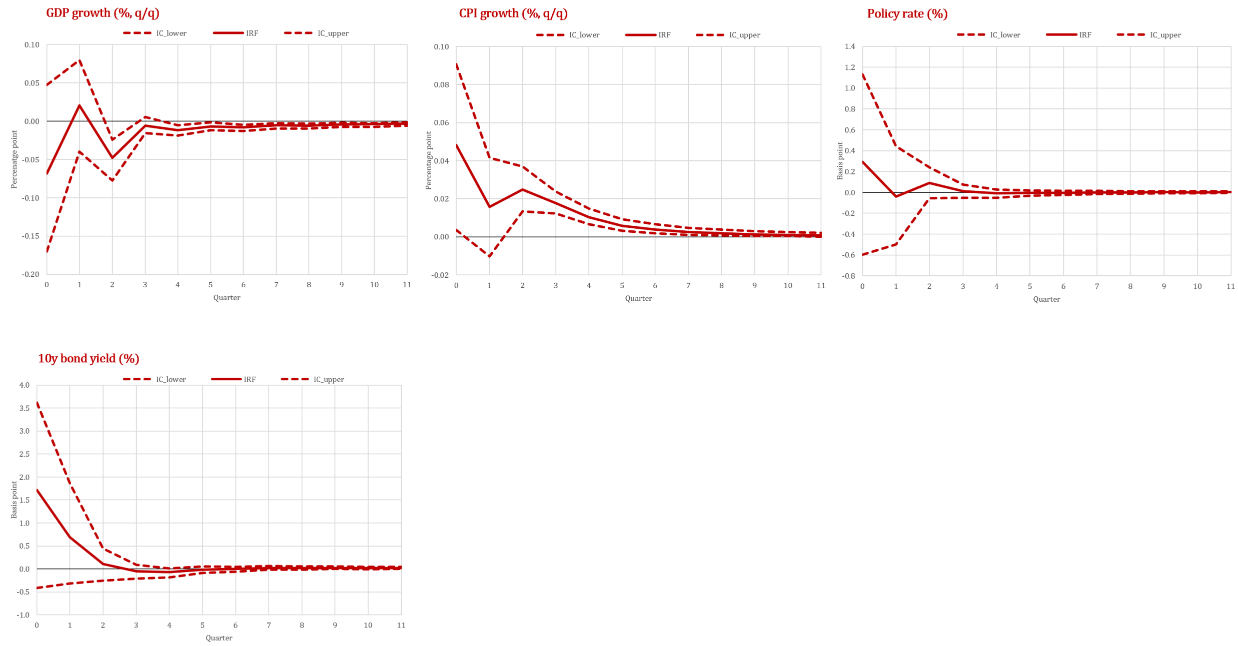

Figure B4: JPN impulse response functions.

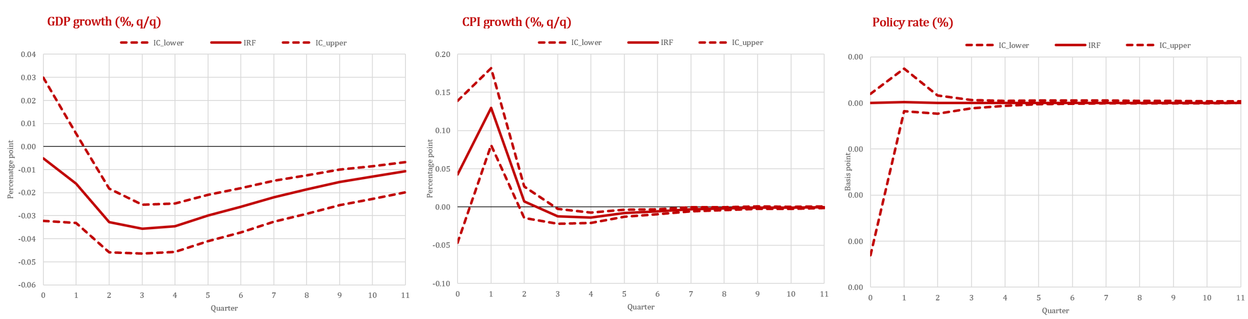

Figure B5: CHN impulse response functions.

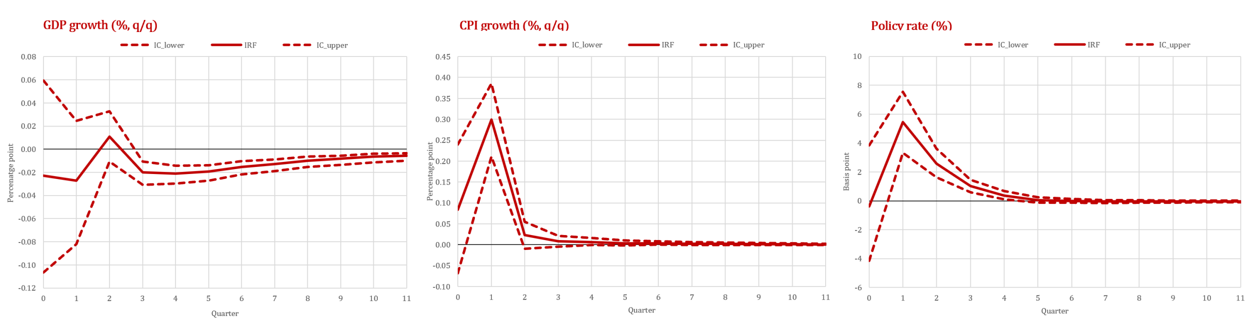

Figure B6: IND impulse response functions.

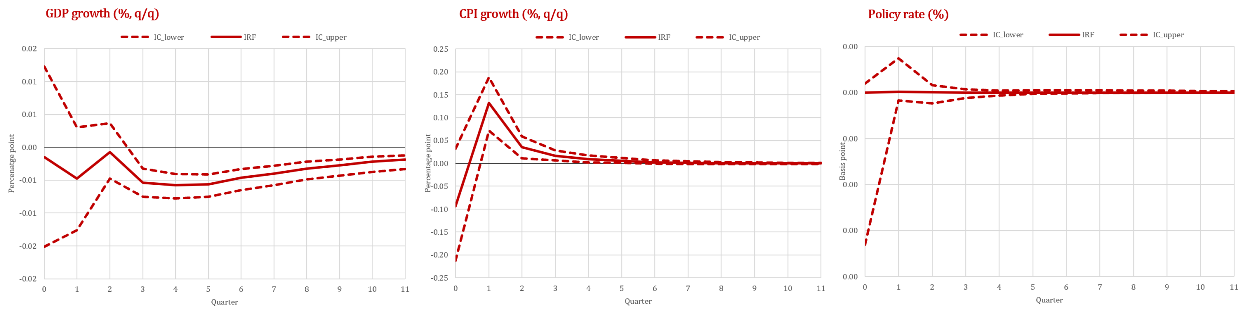

Figure B7: IDN impulse response functions.

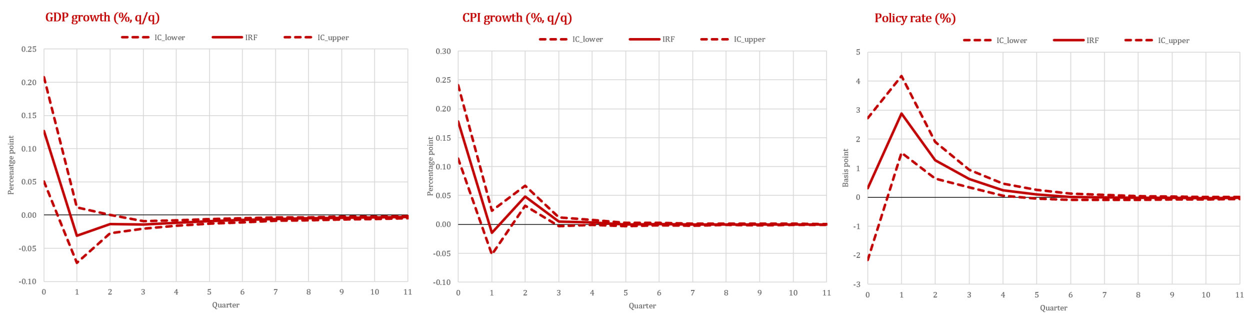

Figure B8: KOR impulse response functions.

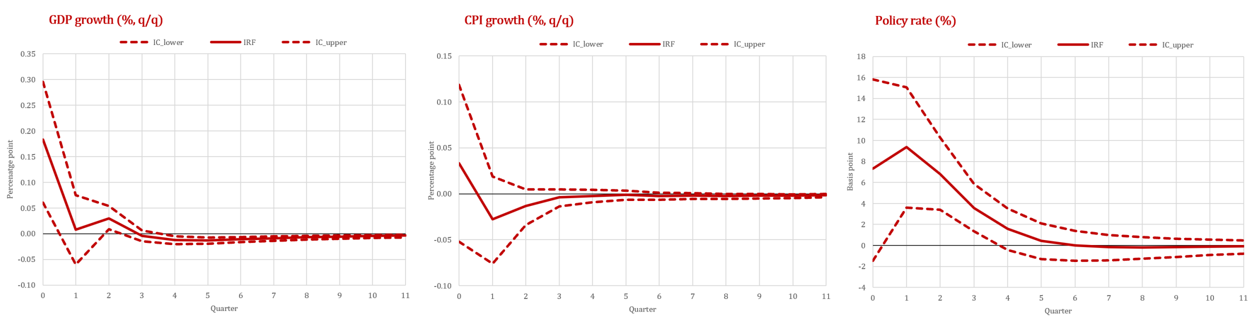

Figure B9: BRA impulse response functions.

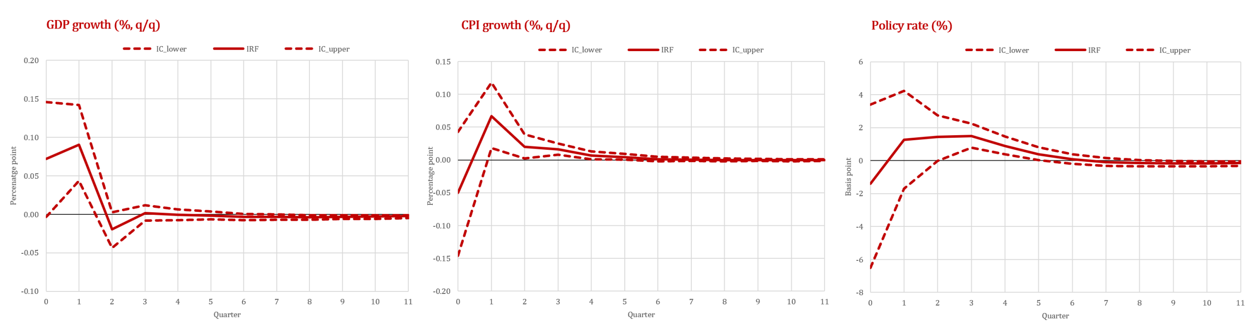

Figure B10: MEX impulse response functions.

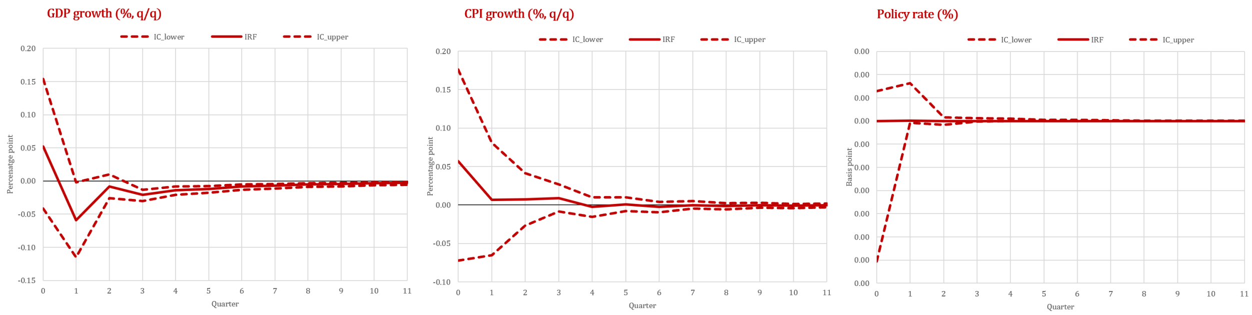

Figure B11: POL impulse response functions.

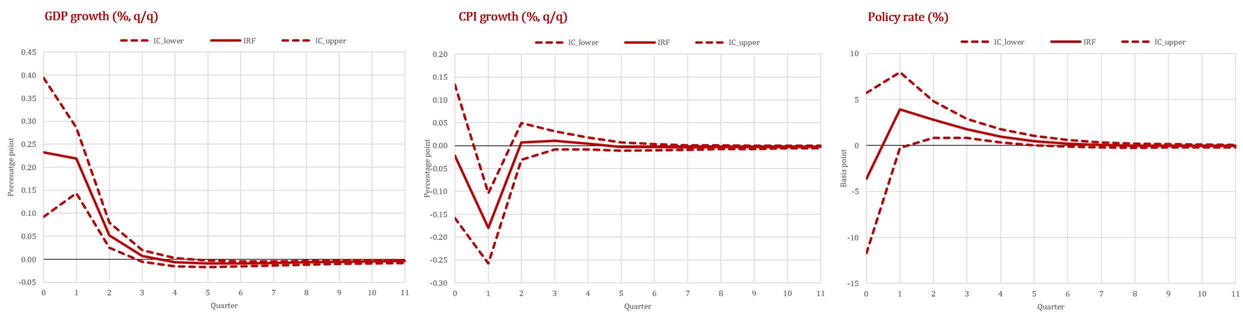

Figure B12: RUS impulse response functions.

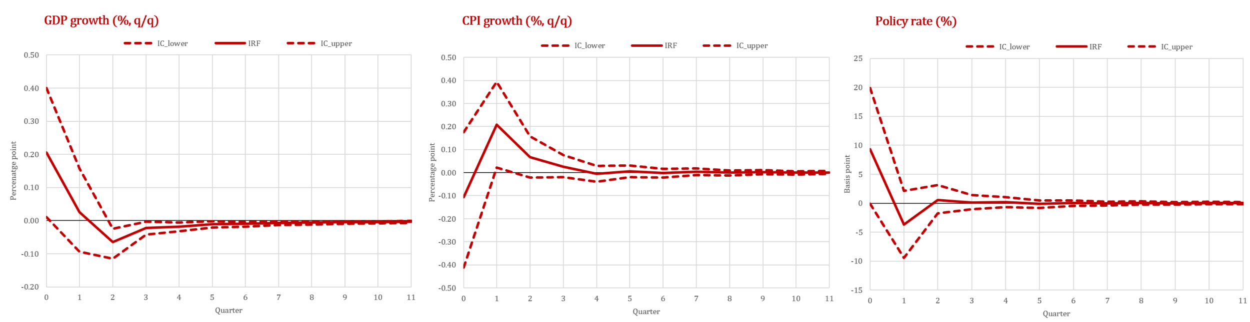

Figure B13: TUR impulse response functions.

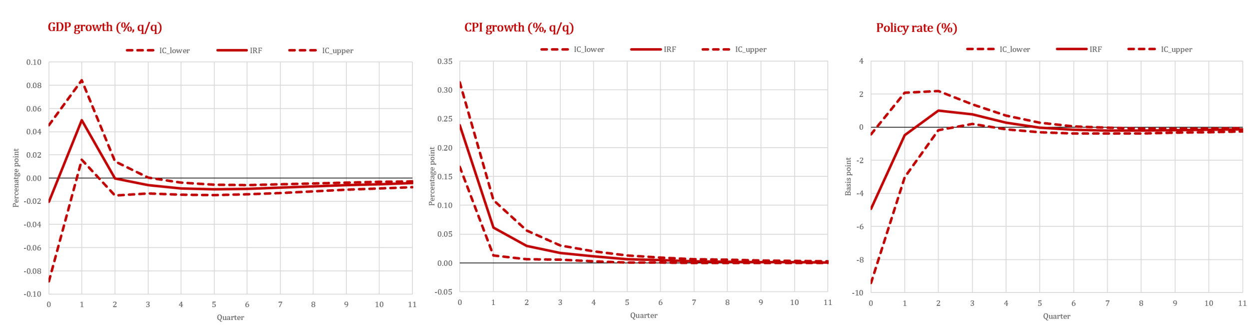

Figure B14: ZAF impulse response functions.

C Scenario analysis

C.1 Scenario 1 - Normalization

Table C1: Scenario 1 - Normalization - GDP response.

	GDP	Q0	Q1	Q2	Q3	Q4	Q5	Q6	Q7	Q8	Q9	Q10	Q11
USA	IC lower	-0.05	-0.16	-0.22	-0.09	-0.05	-0.04	-0.03	-0.03	-0.02	-0.02	-0.02	-0.02
USA	IRF	0.11	0.00	-0.11	-0.02	0.00	-0.01	-0.01	-0.01	-0.01	0.00	0.00	0.00
USA	IC upper	0.28	0.15	-0.01	0.04	0.04	0.02	0.01	0.01	0.01	0.01	0.00	0.00
USA	Cumulative IRF	0.11	0.11	-0.01	-0.03	-0.03	-0.05	-0.06	-0.06	-0.07	-0.07	-0.08	-0.08
EUZ	IC lower	-0.17	-0.21	-0.17	-0.12	-0.07	-0.05	-0.05	-0.04	-0.03	-0.03	-0.03	-0.02
EUZ	IRF	-0.05	-0.09	-0.08	-0.05	-0.02	-0.01	-0.01	-0.01	-0.01	-0.01	0.00	0.00
EUZ	IC upper	0.10	0.04	0.01	0.01	0.03	0.02	0.01	0.01	0.01	0.01	0.01	0.00
EUZ	Cumulative IRF	-0.05	-0.13	-0.21	-0.27	-0.29	-0.29	-0.30	-0.31	-0.32	-0.32	-0.33	-0.33
GBR	IC lower	0.02	-0.09	-0.29	-0.21	-0.09	-0.06	-0.05	-0.04	-0.03	-0.03	-0.03	-0.02
GBR	IRF	0.14	0.05	-0.18	-0.13	-0.03	-0.01	-0.01	-0.01	-0.01	-0.01	0.00	0.00
GBR	IC upper	0.27	0.17	-0.09	-0.07	0.02	0.03	0.02	0.01	0.01	0.01	0.01	0.00
GBR	Cumulative IRF	0.14	0.19	0.00	-0.13	-0.16	-0.17	-0.18	-0.19	-0.19	-0.20	-0.21	-0.21
JPN	IC lower	-0.40	-0.28	-0.17	-0.17	-0.07	-0.05	-0.05	-0.04	-0.03	-0.03	-0.03	-0.02
JPN	IRF	-0.16	-0.06	-0.01	-0.07	0.00	0.00	-0.01	-0.01	-0.01	-0.01	-0.01	0.00
JPN	IC upper	0.11	0.17	0.15	0.04	0.08	0.05	0.02	0.01	0.01	0.01	0.01	0.00
JPN	Cumulative IRF	-0.16	-0.22	-0.22	-0.29	-0.29	-0.28	-0.30	-0.31	-0.32	-0.32	-0.33	-0.33
CHN	IC lower	-0.08	-0.11	-0.15	-0.17	-0.15	-0.13	-0.11	-0.10	-0.09	-0.08	-0.08	-0.07
CHN	IRF	-0.01	-0.05	-0.10	-0.11	-0.09	-0.06	-0.05	-0.04	-0.03	-0.02	-0.02	-0.02
CHN	IC upper	0.07	0.03	-0.03	-0.05	-0.03	-0.01	0.00	0.01	0.01	0.01	0.01	0.01
CHN	Cumulative IRF	-0.01	-0.06	-0.15	-0.27	-0.36	-0.42	-0.47	-0.51	-0.54	-0.56	-0.58	-0.60
IND	IC lower	-0.25	-0.29	-0.13	-0.08	-0.15	-0.12	-0.07	-0.06	-0.05	-0.04	-0.04	-0.03
IND	IRF	-0.05	-0.10	0.01	0.01	-0.08	-0.06	-0.03	-0.02	-0.01	-0.01	-0.01	-0.01
IND	IC upper	0.14	0.09	0.14	0.10	-0.01	-0.02	0.00	0.01	0.01	0.01	0.01	0.01
IND	Cumulative IRF	-0.05	-0.15	-0.14	-0.13	-0.21	-0.27	-0.30	-0.32	-0.33	-0.34	-0.35	-0.36
IDN	IC lower	-0.04	-0.04	-0.03	-0.02	-0.03	-0.03	-0.02	-0.02	-0.02	-0.01	-0.01	-0.01
IDN	IRF	0.00	-0.01	-0.01	-0.01	-0.02	-0.02	-0.01	-0.01	-0.01	0.00	0.00	0.00
IDN	IC upper	0.03	0.02	0.02	0.01	0.00	-0.01	0.00	0.00	0.00	0.00	0.00	0.00
IDN	Cumulative IRF	0.00	-0.02	-0.02	-0.03	-0.05	-0.07	-0.08	-0.08	-0.09	-0.09	-0.10	-0.10
KOR	IC lower	0.12	-0.03	-0.32	-0.16	-0.06	-0.04	-0.03	-0.03	-0.02	-0.02	-0.02	-0.02
KOR	IRF	0.30	0.12	-0.22	-0.10	-0.02	-0.02	-0.01	-0.01	-0.01	-0.01	0.00	0.00
KOR	IC upper	0.49	0.29	-0.11	-0.03	0.03	0.01	0.01	0.01	0.01	0.00	0.00	0.00
KOR	Cumulative IRF	0.30	0.42	0.20	0.10	0.08	0.07	0.06	0.05	0.04	0.04	0.03	0.03
BRA	IC lower	0.14	0.05	-0.29	-0.19	-0.15	-0.11	-0.07	-0.05	-0.04	-0.03	-0.03	-0.03
BRA	IRF	0.43	0.30	-0.12	-0.09	-0.07	-0.06	-0.03	-0.02	-0.01	-0.01	-0.01	0.00
BRA	IC upper	0.70	0.55	0.05	0.02	0.00	-0.02	0.01	0.01	0.01	0.01	0.01	0.01
BRA	Cumulative IRF	0.43	0.73	0.61	0.52	0.45	0.38	0.36	0.34	0.33	0.32	0.32	0.31
MEX	IC lower	-0.01	0.16	-0.12	-0.26	-0.10	-0.04	-0.04	-0.04	-0.03	-0.03	-0.02	-0.02
MEX	IRF	0.17	0.32	0.01	-0.17	-0.03	0.01	-0.01	-0.01	-0.01	-0.01	-0.01	0.00
MEX	IC upper	0.34	0.50	0.15	-0.08	0.03	0.05	0.02	0.01	0.01	0.01	0.01	0.01
MEX	Cumulative IRF	0.17	0.49	0.51	0.34	0.30	0.31	0.30	0.28	0.28	0.27	0.26	0.26
POL	IC lower	-0.10	-0.26	-0.30	-0.12	-0.08	-0.06	-0.04	-0.04	-0.03	-0.03	-0.02	-0.02
POL	IRF	0.12	-0.06	-0.17	-0.03	-0.02	-0.02	-0.01	-0.01	-0.01	-0.01	0.00	0.00
POL	IC upper	0.36	0.15	-0.03	0.06	0.04	0.01	0.01	0.01	0.01	0.01	0.01	0.00
POL	Cumulative IRF	0.12	0.06	-0.10	-0.13	-0.15	-0.17	-0.18	-0.19	-0.20	-0.20	-0.21	-0.21
RUS	IC lower	0.22	0.59	0.01	-0.42	-0.29	-0.13	-0.08	-0.05	-0.04	-0.04	-0.03	-0.03
RUS	IRF	0.55	0.87	0.20	-0.29	-0.20	-0.07	-0.03	-0.02	-0.01	-0.01	-0.01	-0.01
RUS	IC upper	0.93	1.16	0.39	-0.17	-0.12	-0.02	0.00	0.01	0.01	0.01	0.01	0.01
RUS	Cumulative IRF	0.55	1.42	1.62	1.33	1.13	1.06	1.03	1.01	1.00	0.99	0.98	0.98
TUR	IC lower	0.03	-0.05	-0.65	-0.51	-0.16	-0.08	-0.07	-0.06	-0.05	-0.04	-0.03	-0.03
TUR	IRF	0.48	0.38	-0.34	-0.31	-0.02	0.01	-0.01	-0.01	-0.01	-0.01	-0.01	0.00
TUR	IC upper	0.94	0.84	-0.04	-0.11	0.11	0.09	0.04	0.03	0.02	0.01	0.01	0.01

	GDP	Q0	Q1	Q2	Q3	Q4	Q5	Q6	Q7	Q8	Q9	Q10	Q11
TUR	Cumulative IRF	0.48	0.86	0.52	0.21	0.19	0.20	0.20	0.19	0.18	0.17	0.17	0.16
ZAF	IC lower	-0.21	-0.05	0.00	-0.12	-0.11	-0.06	-0.05	-0.04	-0.04	-0.03	-0.03	-0.03
ZAF	IRF	-0.05	0.09	0.10	-0.06	-0.06	-0.03	-0.02	-0.02	-0.01	-0.01	-0.01	-0.01
ZAF	IC upper	0.11	0.22	0.19	0.00	-0.02	0.00	0.00	0.00	0.00	0.00	0.00	0.00
ZAF	Cumulative IRF	-0.05	0.04	0.14	0.08	0.02	-0.01	-0.04	-0.05	-0.07	-0.08	-0.09	-0.09

Table C2: Scenario 1 - Normalization - CPI response.

	GDP	Q0	Q1	Q2	Q3	Q4	Q5	Q6	Q7	Q8	Q9	Q10	Q11
USA	IC lower	0.41	0.39	-0.12	-0.15	-0.06	-0.04	-0.02	-0.01	-0.01	-0.01	-0.01	0.00
USA	IRF	0.51	0.48	-0.06	-0.11	-0.04	-0.02	-0.01	0.00	0.00	0.00	0.00	0.00
USA	IC upper	0.60	0.57	0.01	-0.07	0.00	0.00	0.01	0.01	0.01	0.01	0.01	0.00
USA	Cumulative IRF	0.51	0.98	0.93	0.82	0.78	0.76	0.75	0.74	0.74	0.74	0.74	0.74
EUZ	IC lower	0.08	0.14	-0.12	-0.15	-0.10	-0.07	-0.04	-0.03	-0.02	-0.01	-0.01	-0.01
EUZ	IRF	0.28	0.32	0.01	-0.06	-0.03	-0.02	-0.01	-0.01	0.00	0.00	0.00	0.00
EUZ	IC upper	0.46	0.51	0.15	0.04	0.04	0.03	0.02	0.02	0.02	0.01	0.01	0.01
EUZ	Cumulative IRF	0.28	0.60	0.61	0.55	0.52	0.50	0.49	0.49	0.49	0.48	0.48	0.48
GBR	IC lower	-0.03	0.31	0.18	-0.14	-0.16	-0.08	-0.04	-0.02	-0.02	-0.01	-0.01	-0.01
GBR	IRF	0.16	0.48	0.31	-0.06	-0.10	-0.03	-0.01	0.00	0.00	0.00	0.00	0.00
GBR	IC upper	0.33	0.65	0.43	0.03	-0.03	0.01	0.03	0.03	0.02	0.02	0.01	0.01
GBR	Cumulative IRF	0.16	0.64	0.95	0.89	0.79	0.76	0.75	0.75	0.75	0.75	0.75	0.75
JPN	IC lower	0.01	0.02	-0.04	-0.02	-0.02	-0.03	-0.02	-0.01	-0.01	-0.01	0.00	0.00
JPN	IRF	0.11	0.11	0.03	0.03	0.01	-0.01	0.00	0.00	0.00	0.00	0.00	0.00
JPN	IC upper	0.21	0.20	0.10	0.08	0.05	0.02	0.02	0.01	0.01	0.01	0.01	0.01
JPN	Cumulative IRF	0.11	0.22	0.25	0.29	0.30	0.29	0.29	0.29	0.29	0.29	0.29	0.29
CHN	IC lower	-0.11	0.19	0.04	-0.28	-0.20	-0.07	-0.03	-0.02	-0.01	-0.01	-0.01	-0.01
CHN	IRF	0.10	0.37	0.17	-0.19	-0.14	-0.03	0.00	0.00	0.00	0.00	0.00	0.00
CHN	IC upper	0.33	0.57	0.30	-0.10	-0.08	0.01	0.02	0.02	0.02	0.01	0.01	0.01
CHN	Cumulative IRF	0.10	0.47	0.64	0.45	0.31	0.28	0.28	0.28	0.28	0.28	0.29	0.29
IND	IC lower	-0.16	0.51	0.20	-0.47	-0.28	-0.06	-0.03	-0.02	-0.02	-0.01	-0.01	-0.01
IND	IRF	0.20	0.83	0.42	-0.33	-0.18	0.00	0.00	0.00	0.00	0.00	0.00	0.00
IND	IC upper	0.56	1.16	0.64	-0.19	-0.09	0.06	0.04	0.03	0.02	0.02	0.02	0.01
IND	Cumulative IRF	0.20	1.03	1.45	1.12	0.94	0.93	0.93	0.94	0.94	0.94	0.94	0.94
IDN	IC lower	-0.50	-0.07	0.23	-0.10	-0.14	-0.06	-0.03	-0.02	-0.02	-0.01	-0.01	-0.01
IDN	IRF	-0.22	0.17	0.39	0.00	-0.08	-0.01	-0.01	-0.01	0.00	0.00	0.00	0.00
IDN	IC upper	0.08	0.40	0.55	0.11	0.00	0.04	0.03	0.02	0.02	0.01	0.01	0.01
IDN	Cumulative IRF	-0.22	-0.05	0.33	0.34	0.26	0.25	0.24	0.24	0.23	0.23	0.23	0.23
KOR	IC lower	0.27	0.10	-0.21	-0.08	-0.08	-0.06	-0.03	-0.02	-0.01	-0.01	-0.01	-0.01
KOR	IRF	0.42	0.24	-0.11	-0.01	-0.03	-0.03	-0.01	0.00	0.00	0.00	0.00	0.00
KOR	IC upper	0.57	0.38	0.00	0.06	0.02	0.00	0.01	0.01	0.01	0.01	0.01	0.01
KOR	Cumulative IRF	0.42	0.66	0.55	0.54	0.51	0.48	0.48	0.47	0.47	0.47	0.47	0.47
BRA	IC lower	-0.12	-0.19	-0.24	-0.11	-0.04	-0.04	-0.04	-0.03	-0.03	-0.02	-0.02	-0.02
BRA	IRF	0.08	-0.01	-0.11	-0.02	0.02	0.01	0.00	-0.01	-0.01	-0.01	0.00	0.00
BRA	IC upper	0.28	0.16	0.01	0.06	0.08	0.05	0.03	0.02	0.01	0.01	0.01	0.01
BRA	Cumulative IRF	0.08	0.06	-0.05	-0.07	-0.05	-0.04	-0.04	-0.05	-0.05	-0.06	-0.06	-0.07
MEX	IC lower	-0.34	-0.11	0.08	-0.06	-0.08	-0.04	-0.03	-0.02	-0.02	-0.01	-0.01	-0.01
MEX	IRF	-0.12	0.08	0.21	0.03	-0.02	-0.01	-0.01	-0.01	0.00	0.00	0.00	0.00
MEX	IC upper	0.10	0.27	0.34	0.11	0.04	0.03	0.02	0.02	0.01	0.01	0.01	0.01
MEX	Cumulative IRF	-0.12	-0.04	0.17	0.19	0.17	0.16	0.15	0.14	0.14	0.14	0.14	0.14
POL	IC lower	-0.17	-0.17	-0.24	-0.15	-0.11	-0.09	-0.06	-0.04	-0.03	-0.03	-0.02	-0.02
POL	IRF	0.13	0.10	-0.04	-0.01	0.00	-0.02	-0.01	0.00	0.00	0.00	0.00	0.00
POL	IC upper	0.42	0.37	0.16	0.13	0.10	0.06	0.05	0.04	0.03	0.02	0.02	0.01
POL	Cumulative IRF	0.13	0.24	0.20	0.19	0.19	0.17	0.16	0.16	0.16	0.16	0.15	0.15
RUS	IC lower	-0.37	-0.74	-0.46	0.10	0.02	-0.09	-0.08	-0.06	-0.04	-0.03	-0.03	-0.02
RUS	IRF	-0.05	-0.46	-0.24	0.25	0.13	-0.02	-0.02	-0.01	-0.01	-0.01	0.00	0.00

	GDP	Q0	Q1	Q2	Q3	Q4	Q5	Q6	Q7	Q8	Q9	Q10	Q11
RUS	IC upper	0.31	-0.16	0.00	0.41	0.26	0.07	0.04	0.03	0.02	0.02	0.01	0.01
RUS	Cumulative IRF	-0.05	-0.51	-0.75	-0.50	-0.37	-0.38	-0.41	-0.42	-0.43	-0.44	-0.44	-0.45
TUR	IC lower	-0.97	-0.35	0.08	-0.36	-0.46	-0.27	-0.16	-0.11	-0.08	-0.07	-0.05	-0.04
TUR	IRF	-0.25	0.33	0.60	0.00	-0.18	-0.07	-0.01	0.00	0.00	0.00	0.00	0.00
TUR	IC upper	0.41	0.98	1.11	0.37	0.11	0.15	0.15	0.12	0.09	0.07	0.05	0.04
TUR	Cumulative IRF	-0.25	0.08	0.67	0.68	0.50	0.43	0.42	0.43	0.43	0.43	0.43	0.43
ZAF	IC lower	0.39	0.34	-0.23	-0.22	-0.09	-0.06	-0.04	-0.03	-0.02	-0.01	-0.01	-0.01
ZAF	IRF	0.56	0.51	-0.10	-0.13	-0.02	0.00	0.00	0.00	0.00	0.00	0.00	0.00
ZAF	IC upper	0.74	0.68	0.04	-0.03	0.06	0.05	0.04	0.03	0.02	0.02	0.02	0.01
ZAF	Cumulative IRF	0.56	1.08	0.97	0.84	0.83	0.82	0.82	0.82	0.82	0.82	0.82	0.82

Table C3: Scenario 1 - Normalization - Policy rate response.

	GDP	Q0	Q1	Q2	Q3	Q4	Q5	Q6	Q7	Q8	Q9	Q10	Q11
USA	IC lower	-11.01	-13.26	-9.80	-2.25	-2.46	-2.75	-1.83	-1.29	-1.02	-0.83	-0.71	-0.61
USA	IRF	2.41	-2.04	-2.08	2.74	0.96	-0.61	-0.38	-0.25	-0.22	-0.19	-0.16	-0.13
USA	IC upper	16.33	9.52	5.83	7.88	4.48	1.63	1.12	0.81	0.54	0.39	0.29	0.23
USA	Cumulative IRF	2.41	0.37	-1.70	1.04	1.99	1.38	1.00	0.75	0.53	0.34	0.19	0.06
EUZ	IC lower	-3.64	-5.57	-11.09	-5.32	-2.98	-2.39	-1.46	-0.94	-0.68	-0.52	-0.42	-0.34
EUZ	IRF	9.23	5.18	-3.58	-0.47	0.36	-0.28	-0.05	0.04	0.04	0.02	0.01	0.00
EUZ	IC upper	23.28	16.19	3.98	4.38	3.61	1.79	1.33	1.04	0.80	0.64	0.52	0.45
EUZ	Cumulative IRF	9.23	14.41	10.83	10.36	10.72	10.44	10.39	10.43	10.47	10.49	10.51	10.51
GBR	IC lower	-2.33	-9.13	-14.84	-3.74	-2.17	-2.78	-1.70	-1.07	-0.75	-0.57	-0.47	-0.39
GBR	IRF	10.77	1.51	-7.42	1.03	1.13	-0.67	-0.27	-0.05	0.01	0.01	0.00	-0.01
GBR	IC upper	24.15	12.31	0.15	5.91	4.42	1.38	1.04	0.85	0.67	0.53	0.42	0.35
GBR	Cumulative IRF	10.77	12.28	4.86	5.89	7.02	6.35	6.08	6.03	6.04	6.05	6.04	6.03
JPN	IC lower	-1.40	-1.41	-1.32	-0.68	-0.54	-0.36	-0.19	-0.12	-0.09	-0.07	-0.05	-0.04
JPN	IRF	0.69	0.35	-0.18	0.03	-0.08	-0.09	-0.01	0.01	0.01	0.01	0.00	0.00
JPN	IC upper	2.65	2.13	0.99	0.75	0.38	0.16	0.15	0.12	0.09	0.08	0.06	0.05
JPN	Cumulative IRF	0.69	1.04	0.86	0.89	0.81	0.72	0.71	0.71	0.72	0.73	0.73	0.73
CHN	IC lower	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
CHN	IRF	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
CHN	IC upper	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
CHN	Cumulative IRF	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
IND	IC lower	-9.77	4.33	9.07	-3.31	-6.56	-3.81	-2.12	-1.23	-0.83	-0.63	-0.51	-0.44
IND	IRF	-0.88	12.21	14.85	0.54	-3.85	-2.05	-0.95	-0.39	-0.18	-0.11	-0.08	-0.06
IND	IC upper	9.00	20.42	20.98	4.61	-0.93	-0.12	0.31	0.47	0.44	0.35	0.28	0.23
IND	Cumulative IRF	-0.88	11.32	26.17	26.71	22.86	20.80	19.85	19.46	19.27	19.16	19.08	19.02
IDN	IC lower	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
IDN	IRF	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
IDN	IC upper	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
IDN	Cumulative IRF	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
KOR	IC lower	-5.09	2.19	3.31	-2.52	-3.53	-2.13	-1.32	-0.86	-0.62	-0.49	-0.41	-0.35
KOR	IRF	0.72	7.26	7.12	0.04	-1.69	-0.90	-0.49	-0.25	-0.14	-0.10	-0.07	-0.06
KOR	IC upper	6.39	12.16	10.81	2.60	0.26	0.48	0.48	0.45	0.37	0.29	0.22	0.18
KOR	Cumulative IRF	0.72	7.98	15.10	15.13	13.44	12.54	12.05	11.80	11.65	11.55	11.48	11.42
BRA	IC lower	-3.47	13.01	5.16	-9.80	-16.90	-15.94	-13.03	-10.25	-8.18	-6.68	-5.54	-4.67
BRA	IRF	17.20	33.29	22.26	3.91	-4.17	-4.73	-3.28	-1.85	-0.97	-0.49	-0.22	-0.07
BRA	IC upper	37.20	53.22	39.48	17.78	8.62	6.34	6.11	6.03	5.64	5.05	4.44	3.85
BRA	Cumulative IRF	17.20	50.49	72.75	76.66	72.50	67.76	64.49	62.64	61.67	61.17	60.95	60.89
MEX	IC lower	-15.31	-10.09	-1.46	-0.62	-2.39	-3.35	-3.33	-2.72	-2.17	-1.76	-1.51	-1.33
MEX	IRF	-3.29	0.83	6.87	5.19	2.01	-0.30	-1.16	-1.07	-0.82	-0.59	-0.44	-0.35
MEX	IC upper	7.97	11.48	14.78	10.85	6.51	3.03	1.34	0.83	0.62	0.53	0.44	0.36
MEX	Cumulative IRF	-3.29	-2.45	4.42	9.60	11.61	11.31	10.15	9.07	8.25	7.67	7.23	6.88
POL	IC lower	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

	GDP	Q0	Q1	Q2	Q3	Q4	Q5	Q6	Q7	Q8	Q9	Q10	Q11
POL	IRF	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
POL	IC upper	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
POL	Cumulative IRF	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
RUS	IC lower	-27.50	-12.38	4.76	-1.68	-6.45	-5.11	-3.76	-2.71	-2.03	-1.58	-1.30	-1.12
RUS	IRF	-8.54	3.61	16.64	6.39	-0.53	-1.11	-1.01	-0.72	-0.48	-0.30	-0.20	-0.14
RUS	IC upper	13.42	20.34	29.01	15.05	5.97	3.62	2.39	1.73	1.30	1.04	0.84	0.68
RUS	Cumulative IRF	-8.54	-4.93	11.71	18.10	17.58	16.47	15.45	14.73	14.25	13.94	13.75	13.60
TUR	IC lower	-0.21	-15.16	-29.46	-10.65	-5.30	-5.81	-4.22	-2.91	-2.12	-1.68	-1.34	-1.11
TUR	IRF	21.85	5.65	-14.71	-0.58	2.25	-0.57	-0.41	-0.01	0.08	0.08	0.06	0.04
TUR	IC upper	46.72	27.50	1.20	10.25	10.22	4.78	3.35	2.65	2.11	1.67	1.37	1.14
TUR	Cumulative IRF	21.85	27.49	12.78	12.21	14.45	13.89	13.48	13.47	13.54	13.62	13.68	13.72
ZAF	IC lower	-22.13	-18.20	0.03	2.13	-2.59	-3.62	-3.03	-2.27	-1.76	-1.43	-1.22	-1.07
ZAF	IRF	-11.64	-8.79	7.07	6.99	1.04	-1.12	-1.21	-0.87	-0.59	-0.41	-0.30	-0.24
ZAF	IC upper	-1.02	0.72	14.13	11.89	4.71	1.43	0.58	0.43	0.38	0.35	0.31	0.26
ZAF	Cumulative IRF	-11.64	-20.43	-13.36	-6.38	-5.34	-6.45	-7.67	-8.53	-9.12	-9.53	-9.83	-10.07

C.2 Scenario 2 - Persistence

Table C4: Scenario 2 - Persistence - GDP response.

	GDP	Q0	Q1	Q2	Q3	Q4	Q5	Q6	Q7	Q8	Q9	Q10	Q11
USA	IC lower	-0.05	-0.11	-0.55	-0.18	-0.12	-0.09	-0.07	-0.06	-0.05	-0.04	-0.04	-0.04
USA	IRF	0.11	0.17	-0.29	-0.02	-0.02	-0.02	-0.02	-0.02	-0.01	-0.01	-0.01	-0.01
USA	IC upper	0.28	0.46	-0.06	0.12	0.08	0.04	0.02	0.02	0.01	0.01	0.01	0.01
USA	Cumulative IRF	0.11	0.28	-0.01	-0.04	-0.05	-0.08	-0.10	-0.11	-0.12	-0.13	-0.14	-0.15
EUZ	IC lower	-0.17	-0.39	-0.35	-0.26	-0.16	-0.11	-0.10	-0.08	-0.07	-0.06	-0.05	-0.05
EUZ	IRF	-0.05	-0.16	-0.15	-0.12	-0.04	-0.02	-0.02	-0.02	-0.01	-0.01	-0.01	-0.01
EUZ	IC upper	0.10	0.09	0.06	0.02	0.06	0.05	0.03	0.02	0.02	0.01	0.01	0.01
EUZ	Cumulative IRF	-0.05	-0.21	-0.35	-0.48	-0.52	-0.54	-0.56	-0.58	-0.60	-0.61	-0.62	-0.63
GBR	IC lower	0.02	0.04	-0.57	-0.44	-0.19	-0.12	-0.11	-0.09	-0.07	-0.06	-0.06	-0.05
GBR	IRF	0.14	0.27	-0.34	-0.28	-0.07	-0.03	-0.03	-0.02	-0.02	-0.01	-0.01	-0.01
GBR	IC upper	0.27	0.51	-0.13	-0.13	0.04	0.05	0.03	0.02	0.02	0.01	0.01	0.01
GBR	Cumulative IRF	0.14	0.41	0.08	-0.20	-0.27	-0.29	-0.32	-0.34	-0.36	-0.37	-0.39	-0.39
JPN	IC lower	-0.40	-0.74	-0.20	-0.49	-0.12	-0.11	-0.09	-0.08	-0.06	-0.06	-0.05	-0.05
JPN	IRF	-0.16	-0.32	0.17	-0.25	0.04	-0.01	-0.02	-0.03	-0.02	-0.02	-0.01	-0.01
JPN	IC upper	0.11	0.13	0.53	-0.02	0.19	0.08	0.04	0.02	0.02	0.01	0.01	0.01
JPN	Cumulative IRF	-0.16	-0.48	-0.31	-0.56	-0.52	-0.53	-0.55	-0.58	-0.59	-0.61	-0.62	-0.63
CHN	IC lower	-0.08	-0.18	-0.27	-0.32	-0.29	-0.26	-0.22	-0.21	-0.19	-0.17	-0.16	-0.15
CHN	IRF	-0.01	-0.07	-0.15	-0.21	-0.17	-0.13	-0.10	-0.08	-0.06	-0.05	-0.04	-0.04
CHN	IC upper	0.07	0.08	-0.01	-0.10	-0.06	-0.02	0.01	0.01	0.02	0.02	0.02	0.02
CHN	Cumulative IRF	-0.01	-0.08	-0.23	-0.44	-0.62	-0.75	-0.84	-0.92	-0.99	-1.04	-1.08	-1.12
IND	IC lower	-0.25	-0.54	-0.38	-0.10	-0.30	-0.23	-0.16	-0.12	-0.10	-0.09	-0.08	-0.07
IND	IRF	-0.05	-0.19	-0.06	0.10	-0.16	-0.12	-0.07	-0.04	-0.03	-0.02	-0.02	-0.02
IND	IC upper	0.14	0.16	0.24	0.30	-0.02	-0.03	0.00	0.02	0.01	0.02	0.01	0.01
IND	Cumulative IRF	-0.05	-0.24	-0.30	-0.20	-0.36	-0.48	-0.54	-0.58	-0.61	-0.64	-0.66	-0.67
IDN	IC lower	-0.04	-0.07	-0.07	-0.04	-0.06	-0.05	-0.04	-0.04	-0.03	-0.03	-0.03	-0.02
IDN	IRF	0.00	-0.02	-0.02	0.00	-0.04	-0.03	-0.02	-0.01	-0.01	-0.01	-0.01	-0.01
IDN	IC upper	0.03	0.04	0.03	0.03	-0.01	-0.01	0.00	0.00	0.00	0.00	0.00	0.00
IDN	Cumulative IRF	0.00	-0.02	-0.05	-0.05	-0.09	-0.12	-0.14	-0.15	-0.16	-0.17	-0.18	-0.18
KOR	IC lower	0.12	0.31	-0.76	-0.31	-0.13	-0.09	-0.07	-0.06	-0.05	-0.05	-0.04	-0.04
KOR	IRF	0.30	0.61	-0.52	-0.17	-0.04	-0.03	-0.02	-0.02	-0.01	-0.01	-0.01	-0.01
KOR	IC upper	0.49	0.93	-0.26	-0.02	0.05	0.02	0.02	0.01	0.01	0.01	0.01	0.01
KOR	Cumulative IRF	0.30	0.91	0.39	0.22	0.18	0.15	0.13	0.11	0.09	0.08	0.07	0.06
BRA	IC lower	0.14	0.51	-0.74	-0.30	-0.29	-0.22	-0.14	-0.10	-0.08	-0.07	-0.06	-0.06
BRA	IRF	0.43	1.00	-0.34	-0.07	-0.14	-0.12	-0.06	-0.03	-0.02	-0.02	-0.01	-0.01

	GDP	Q0	Q1	Q2	Q3	Q4	Q5	Q6	Q7	Q8	Q9	Q10	Q11
BRA	IC upper	0.70	1.47	0.05	0.17	0.02	-0.02	0.01	0.02	0.02	0.02	0.02	0.01
BRA	Cumulative IRF	0.43	1.44	1.09	1.02	0.88	0.76	0.70	0.67	0.65	0.63	0.62	0.61
MEX	IC lower	-0.01	0.29	-0.03	-0.61	-0.19	-0.08	-0.08	-0.07	-0.06	-0.05	-0.05	-0.04
MEX	IRF	0.17	0.60	0.26	-0.41	-0.05	0.01	-0.02	-0.02	-0.02	-0.01	-0.01	-0.01
MEX	IC upper	0.34	0.92	0.56	-0.21	0.10	0.10	0.05	0.03	0.02	0.02	0.01	0.01
MEX	Cumulative IRF	0.17	0.77	1.03	0.63	0.58	0.59	0.57	0.55	0.53	0.52	0.51	0.50
POL	IC lower	-0.10	-0.24	-0.79	-0.19	-0.19	-0.13	-0.10	-0.08	-0.07	-0.06	-0.05	-0.05
POL	IRF	0.12	0.14	-0.47	-0.01	-0.06	-0.04	-0.03	-0.02	-0.02	-0.01	-0.01	-0.01
POL	IC upper	0.36	0.55	-0.14	0.19	0.06	0.03	0.03	0.02	0.01	0.01	0.01	0.01
POL	Cumulative IRF	0.12	0.27	-0.20	-0.21	-0.27	-0.31	-0.33	-0.35	-0.37	-0.38	-0.39	-0.40
RUS	IC lower	0.22	1.21	0.27	-0.78	-0.53	-0.25	-0.15	-0.11	-0.09	-0.08	-0.07	-0.06
RUS	IRF	0.55	1.77	0.72	-0.51	-0.35	-0.13	-0.06	-0.04	-0.03	-0.02	-0.01	-0.01
RUS	IC upper	0.93	2.36	1.16	-0.24	-0.18	-0.02	0.02	0.02	0.02	0.02	0.01	0.01
RUS	Cumulative IRF	0.55	2.32	3.04	2.53	2.18	2.05	1.98	1.95	1.92	1.90	1.89	1.87
TUR	IC lower	0.03	0.36	-1.24	-1.15	-0.33	-0.19	-0.14	-0.12	-0.10	-0.09	-0.07	-0.06
TUR	IRF	0.48	1.17	-0.53	-0.69	-0.03	0.00	-0.01	-0.02	-0.02	-0.02	-0.01	-0.01
TUR	IC upper	0.94	2.00	0.20	-0.27	0.25	0.17	0.10	0.05	0.04	0.03	0.02	0.02
TUR	Cumulative IRF	0.48	1.65	1.12	0.43	0.40	0.41	0.39	0.37	0.35	0.34	0.33	0.32
ZAF	IC lower	-0.21	-0.26	0.10	-0.26	-0.21	-0.13	-0.10	-0.09	-0.08	-0.07	-0.06	-0.06
ZAF	IRF	-0.05	0.01	0.32	-0.12	-0.11	-0.06	-0.05	-0.04	-0.03	-0.02	-0.02	-0.01
ZAF	IC upper	0.11	0.27	0.53	0.02	-0.02	0.01	0.00	0.00	0.01	0.01	0.01	0.01
ZAF	Cumulative IRF	-0.05	-0.04	0.28	0.16	0.05	0.00	-0.05	-0.09	-0.11	-0.14	-0.16	-0.17

Table C5: Scenario 2 - Persistence - CPI response.

	GDP	Q0	Q1	Q2	Q3	Q4	Q5	Q6	Q7	Q8	Q9	Q10	Q11
USA	IC lower	0.41	1.14	-0.25	-0.25	-0.11	-0.08	-0.04	-0.03	-0.02	-0.01	-0.01	-0.01
USA	IRF	0.51	1.31	-0.12	-0.16	-0.05	-0.04	-0.02	-0.01	0.00	0.00	0.00	0.00
USA	IC upper	0.60	1.47	0.03	-0.07	0.02	0.01	0.02	0.02	0.02	0.01	0.01	0.01
USA	Cumulative IRF	0.51	1.81	1.70	1.53	1.48	1.44	1.42	1.42	1.41	1.41	1.41	1.41
EUZ	IC lower	0.08	0.43	-0.23	-0.31	-0.16	-0.14	-0.07	-0.06	-0.03	-0.03	-0.02	-0.02
EUZ	IRF	0.28	0.77	0.08	-0.11	-0.02	-0.05	-0.01	-0.01	0.00	-0.01	0.00	0.00
EUZ	IC upper	0.46	1.11	0.38	0.09	0.13	0.05	0.07	0.04	0.04	0.02	0.02	0.01
EUZ	Cumulative IRF	0.28	1.05	1.13	1.02	1.00	0.96	0.95	0.93	0.93	0.93	0.93	0.92
GBR	IC lower	-0.03	0.42	0.55	-0.27	-0.27	-0.15	-0.07	-0.05	-0.03	-0.03	-0.02	-0.02
GBR	IRF	0.16	0.75	0.82	-0.09	-0.14	-0.07	-0.01	-0.01	0.00	0.00	0.00	0.00
GBR	IC upper	0.33	1.05	1.10	0.10	0.00	0.04	0.07	0.05	0.05	0.03	0.03	0.02
GBR	Cumulative IRF	0.16	0.91	1.73	1.64	1.50	1.43	1.43	1.42	1.43	1.42	1.43	1.43
JPN	IC lower	0.01	0.12	-0.13	-0.02	-0.03	-0.05	-0.04	-0.02	-0.02	-0.01	-0.01	-0.01
JPN	IRF	0.11	0.30	0.02	0.08	0.04	0.00	-0.01	0.00	0.00	0.00	0.00	0.00
JPN	IC upper	0.21	0.47	0.18	0.19	0.12	0.06	0.04	0.03	0.03	0.03	0.02	0.02
JPN	Cumulative IRF	0.11	0.41	0.43	0.52	0.56	0.55	0.55	0.55	0.55	0.55	0.56	0.56
CHN	IC lower	-0.11	0.18	0.31	-0.56	-0.40	-0.16	-0.07	-0.05	-0.03	-0.03	-0.02	-0.02
CHN	IRF	0.10	0.53	0.61	-0.36	-0.26	-0.07	-0.01	0.00	0.00	0.00	0.00	0.00
CHN	IC upper	0.33	0.92	0.92	-0.17	-0.13	0.01	0.05	0.04	0.03	0.02	0.02	0.01
CHN	Cumulative IRF	0.10	0.63	1.24	0.88	0.62	0.55	0.54	0.54	0.55	0.55	0.55	0.55
IND	IC lower	-0.16	0.54	0.93	-1.01	-0.52	-0.11	-0.07	-0.04	-0.03	-0.02	-0.02	-0.02
IND	IRF	0.20	1.16	1.45	-0.70	-0.33	0.00	0.00	0.01	0.00	0.00	0.00	0.00
IND	IC upper	0.56	1.78	1.97	-0.38	-0.13	0.12	0.09	0.07	0.05	0.04	0.04	0.03
IND	Cumulative IRF	0.20	1.36	2.81	2.11	1.78	1.78	1.78	1.79	1.79	1.79	1.80	1.80
IDN	IC lower	-0.50	-0.66	0.65	-0.23	-0.27	-0.11	-0.07	-0.05	-0.04	-0.03	-0.02	-0.02
IDN	IRF	-0.22	-0.19	1.03	0.00	-0.12	-0.02	-0.01	-0.01	-0.01	0.00	0.00	0.00
IDN	IC upper	0.08	0.28	1.39	0.23	0.04	0.09	0.07	0.05	0.04	0.03	0.02	0.02
IDN	Cumulative IRF	-0.22	-0.41	0.61	0.61	0.49	0.47	0.46	0.45	0.45	0.44	0.44	0.44
KOR	IC lower	0.27	0.66	-0.64	-0.04	-0.17	-0.11	-0.05	-0.03	-0.02	-0.02	-0.01	-0.01

	GDP	Q0	Q1	Q2	Q3	Q4	Q5	Q6	Q7	Q8	Q9	Q10	Q11
KOR	IRF	0.42	0.93	-0.41	0.11	-0.07	-0.05	-0.01	0.00	0.00	0.00	0.00	0.00
KOR	IC upper	0.57	1.19	-0.18	0.27	0.03	0.02	0.03	0.03	0.02	0.02	0.01	0.01
KOR	Cumulative IRF	0.42	1.35	0.94	1.04	0.97	0.92	0.91	0.91	0.90	0.90	0.90	0.90
BRA	IC lower	-0.12	-0.23	-0.56	-0.24	-0.10	-0.08	-0.07	-0.07	-0.05	-0.05	-0.04	-0.04
BRA	IRF	0.08	0.11	-0.26	-0.05	0.04	0.01	0.00	-0.01	-0.01	-0.01	-0.01	-0.01
BRA	IC upper	0.28	0.45	0.02	0.13	0.16	0.09	0.06	0.03	0.03	0.02	0.02	0.01
BRA	Cumulative IRF	0.08	0.19	-0.07	-0.12	-0.08	-0.07	-0.08	-0.09	-0.10	-0.11	-0.12	-0.13
MEX	IC lower	-0.34	-0.49	0.23	-0.14	-0.14	-0.09	-0.06	-0.05	-0.03	-0.03	-0.02	-0.02
MEX	IRF	-0.12	-0.11	0.53	0.03	-0.02	-0.02	-0.01	-0.01	0.00	0.00	0.00	0.00
MEX	IC upper	0.10	0.26	0.84	0.22	0.11	0.07	0.05	0.04	0.03	0.02	0.02	0.02
MEX	Cumulative IRF	-0.12	-0.23	0.30	0.34	0.31	0.30	0.29	0.27	0.27	0.27	0.26	0.26
POL	IC lower	-0.17	-0.20	-0.54	-0.32	-0.21	-0.20	-0.12	-0.10	-0.06	-0.06	-0.04	-0.04
POL	IRF	0.13	0.32	-0.09	-0.02	0.02	-0.04	-0.01	-0.01	0.00	-0.01	0.00	0.00
POL	IC upper	0.42	0.82	0.36	0.29	0.25	0.12	0.11	0.07	0.06	0.04	0.04	0.03
POL	Cumulative IRF	0.13	0.46	0.37	0.35	0.36	0.32	0.32	0.30	0.30	0.30	0.30	0.29
RUS	IC lower	-0.37	-1.09	-1.38	0.20	0.01	-0.18	-0.16	-0.11	-0.09	-0.07	-0.06	-0.05
RUS	IRF	-0.05	-0.54	-0.90	0.53	0.25	-0.02	-0.04	-0.03	-0.02	-0.01	-0.01	-0.01
RUS	IC upper	0.31	0.06	-0.40	0.89	0.52	0.17	0.08	0.06	0.04	0.04	0.03	0.02
RUS	Cumulative IRF	-0.05	-0.60	-1.50	-0.96	-0.71	-0.73	-0.77	-0.80	-0.82	-0.83	-0.84	-0.85
TUR	IC lower	-0.97	-1.35	0.41	-0.76	-0.87	-0.59	-0.31	-0.25	-0.17	-0.15	-0.11	-0.10
TUR	IRF	-0.25	-0.08	1.55	0.02	-0.27	-0.16	0.00	-0.01	0.02	-0.01	0.01	0.00
TUR	IC upper	0.41	1.11	2.66	0.82	0.35	0.29	0.33	0.23	0.20	0.13	0.12	0.08
TUR	Cumulative IRF	-0.25	-0.34	1.21	1.24	0.97	0.81	0.82	0.81	0.82	0.82	0.82	0.82
ZAF	IC lower	0.39	1.12	-0.49	-0.42	-0.18	-0.11	-0.08	-0.05	-0.04	-0.03	-0.02	-0.02
ZAF	IRF	0.56	1.43	-0.20	-0.22	-0.02	0.00	0.00	0.00	0.00	0.00	0.00	0.00
ZAF	IC upper	0.74	1.74	0.10	0.00	0.14	0.11	0.08	0.06	0.05	0.04	0.03	0.03
ZAF	Cumulative IRF	0.56	2.00	1.80	1.58	1.56	1.56	1.56	1.56	1.56	1.56	1.57	1.57

Table C6: Scenario 2 - Persistence - Policy rate response.

	GDP	Q0	Q1	Q2	Q3	Q4	Q5	Q6	Q7	Q8	Q9	Q10	Q11
USA	IC lower	-11.01	-20.28	-27.22	-4.20	-5.19	-5.57	-3.71	-2.61	-2.07	-1.70	-1.43	-1.27
USA	IRF	2.41	1.91	-9.42	6.72	2.05	-1.02	-0.66	-0.42	-0.41	-0.36	-0.30	-0.26
USA	IC upper	16.33	24.85	8.85	17.90	9.53	3.74	2.53	1.79	1.20	0.86	0.64	0.48
USA	Cumulative IRF	2.41	4.32	-5.10	1.62	3.67	2.65	1.99	1.56	1.15	0.79	0.50	0.23
EUZ	IC lower	-3.64	-1.00	-27.60	-10.34	-6.20	-4.94	-3.02	-1.99	-1.39	-1.08	-0.84	-0.71
EUZ	IRF	9.23	20.27	-10.44	0.33	0.88	-0.46	-0.04	0.10	0.11	0.06	0.04	0.02
EUZ	IC upper	23.28	42.76	6.86	10.92	7.80	3.89	2.87	2.17	1.70	1.34	1.11	0.92
EUZ	Cumulative IRF	9.23	29.50	19.06	19.39	20.27	19.80	19.76	19.86	19.97	20.03	20.07	20.09
GBR	IC lower	-2.33	-2.23	-39.75	-6.30	-4.75	-5.68	-3.56	-2.27	-1.58	-1.21	-0.99	-0.82
GBR	IRF	10.77	19.11	-22.84	4.20	2.20	-1.20	-0.54	-0.12	-0.01	0.01	-0.02	-0.01
GBR	IC upper	24.15	40.85	-5.64	14.91	9.24	3.14	2.24	1.76	1.38	1.10	0.87	0.72
GBR	Cumulative IRF	10.77	29.89	7.05	11.25	13.44	12.24	11.70	11.58	11.58	11.59	11.57	11.56
JPN	IC lower	-1.40	-1.99	-3.47	-1.27	-1.10	-0.76	-0.40	-0.26	-0.19	-0.15	-0.11	-0.10
JPN	IRF	0.69	1.48	-0.74	0.28	-0.14	-0.18	-0.02	0.01	0.01	0.01	0.01	0.01
JPN	IC upper	2.65	4.86	2.05	1.88	0.84	0.36	0.32	0.25	0.20	0.15	0.13	0.11
JPN	Cumulative IRF	0.69	2.16	1.42	1.70	1.56	1.38	1.35	1.36	1.38	1.39	1.40	1.40
CHN	IC lower	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
CHN	IRF	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
CHN	IC upper	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
CHN	Cumulative IRF	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
IND	IC lower	-9.77	-4.38	23.33	-5.41	-12.03	-7.01	-4.21	-2.38	-1.73	-1.26	-1.09	-0.88
IND	IRF	-0.88	10.76	36.27	3.08	-6.19	-3.31	-1.75	-0.64	-0.38	-0.19	-0.18	-0.10
IND	IC upper	9.00	27.05	49.77	12.08	0.05	0.78	0.94	1.20	0.91	0.79	0.56	0.50
IND	Cumulative IRF	-0.88	9.88	46.15	49.23	43.03	39.72	37.97	37.33	36.94	36.76	36.57	36.47

	GDP	Q0	Q1	Q2	Q3	Q4	Q5	Q6	Q7	Q8	Q9	Q10	Q11
IDN	IC lower	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
IDN	IRF	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
IDN	IC upper	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
IDN	Cumulative IRF	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
KOR	IC lower	-5.09	-1.39	9.40	-4.84	-6.42	-4.03	-2.53	-1.71	-1.23	-1.00	-0.82	-0.72
KOR	IRF	0.72	8.43	17.80	0.79	-2.47	-1.45	-0.79	-0.44	-0.24	-0.19	-0.13	-0.12
KOR	IC upper	6.39	17.97	25.93	6.36	1.67	1.47	1.28	1.04	0.84	0.61	0.49	0.37
KOR	Cumulative IRF	0.72	9.15	26.95	27.74	25.27	23.82	23.03	22.59	22.35	22.16	22.03	21.90
BRA	IC lower	-3.47	24.23	12.22	-15.06	-30.57	-30.14	-25.75	-20.68	-16.74	-13.81	-11.53	-9.73
BRA	IRF	17.20	61.41	48.12	13.44	-4.37	-6.95	-5.48	-3.21	-1.81	-1.00	-0.50	-0.21
BRA	IC upper	37.20	97.68	83.84	42.37	22.17	16.06	14.10	13.22	11.93	10.54	9.19	7.94
BRA	Cumulative IRF	17.20	78.61	126.72	140.17	135.80	128.85	123.38	120.16	118.35	117.35	116.85	116.65
MEX	IC lower	-15.31	-25.29	-4.61	-3.04	-4.23	-6.14	-6.18	-5.15	-4.21	-3.50	-3.02	-2.71
MEX	IRF	-3.29	-4.54	13.69	9.60	5.17	0.32	-1.66	-1.76	-1.45	-1.09	-0.84	-0.69
MEX	IC upper	7.97	15.30	31.40	21.70	14.62	7.35	3.65	2.24	1.59	1.24	1.00	0.79
MEX	Cumulative IRF	-3.29	-7.83	5.87	15.46	20.63	20.95	19.30	17.54	16.09	15.00	14.17	13.48
POL	IC lower	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
POL	IRF	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
POL	IC upper	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
POL	Cumulative IRF	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
RUS	IC lower	-27.50	-41.84	10.46	-4.12	-12.12	-9.70	-7.22	-5.25	-3.98	-3.18	-2.63	-2.29
RUS	IRF	-8.54	-10.35	36.73	13.47	0.50	-1.17	-1.43	-1.11	-0.80	-0.54	-0.36	-0.28
RUS	IC upper	13.42	24.32	63.81	31.90	14.35	8.84	5.79	4.09	2.98	2.26	1.81	1.44
RUS	Cumulative IRF	-8.54	-18.89	17.84	31.31	31.81	30.64	29.21	28.10	27.30	26.76	26.41	26.13
TUR	IC lower	-0.21	2.53	-75.65	-19.66	-12.08	-11.45	-9.30	-5.86	-4.70	-3.38	-2.93	-2.22
TUR	IRF	21.85	41.35	-41.76	2.12	3.77	-0.43	-1.20	0.17	-0.04	0.25	0.02	0.14
TUR	IC upper	46.72	83.53	-6.01	25.64	20.69	11.00	6.66	5.85	4.15	3.58	2.73	2.46
TUR	Cumulative IRF	21.85	63.20	21.44	23.56	27.33	26.90	25.70	25.87	25.83	26.08	26.10	26.24
ZAF	IC lower	-22.13	-45.79	-3.57	3.34	-4.88	-6.91	-5.84	-4.50	-3.53	-2.92	-2.49	-2.22
ZAF	IRF	-11.64	-27.82	12.03	13.91	2.86	-1.61	-2.07	-1.59	-1.13	-0.82	-0.61	-0.51
ZAF	IC upper	-1.02	-9.63	27.76	24.52	10.68	3.78	1.73	1.14	0.90	0.75	0.66	0.54
ZAF	Cumulative IRF	-11.64	-39.46	-27.44	-13.52	-10.66	-12.28	-14.35	-15.94	-17.07	-17.89	-18.50	-19.01

C.3 Scenario 3 - Breakdown

Table C7: Scenario 3 - Breakdown - GDP response.

	GDP	Q0	Q1	Q2	Q3	Q4	Q5	Q6	Q7	Q8	Q9	Q10	Q11
USA	IC lower	-0.05	-0.05	-0.82	-0.25	-0.20	-0.15	-0.13	-0.11	-0.09	-0.08	-0.07	-0.06
USA	IRF	0.11	0.41	-0.43	-0.05	-0.08	-0.06	-0.06	-0.05	-0.04	-0.03	-0.03	-0.02
USA	IC upper	0.28	0.88	-0.07	0.13	0.04	0.01	-0.01	-0.01	-0.01	-0.01	-0.01	-0.01
USA	Cumulative IRF	0.11	0.52	0.09	0.04	-0.04	-0.11	-0.17	-0.21	-0.26	-0.29	-0.32	-0.34
EUZ	IC lower	-0.17	-0.62	-0.59	-0.48	-0.32	-0.24	-0.19	-0.16	-0.13	-0.11	-0.09	-0.08
EUZ	IRF	-0.05	-0.26	-0.28	-0.29	-0.17	-0.12	-0.09	-0.08	-0.06	-0.05	-0.04	-0.03
EUZ	IC upper	0.10	0.15	0.03	-0.11	-0.05	-0.03	-0.03	-0.03	-0.02	-0.01	-0.01	-0.01
EUZ	Cumulative IRF	-0.05	-0.31	-0.59	-0.88	-1.05	-1.17	-1.27	-1.34	-1.40	-1.45	-1.48	-1.51
GBR	IC lower	0.02	0.22	-0.76	-0.67	-0.39	-0.27	-0.22	-0.18	-0.15	-0.12	-0.11	-0.09
GBR	IRF	0.14	0.58	-0.40	-0.46	-0.23	-0.15	-0.12	-0.09	-0.07	-0.06	-0.04	-0.03
GBR	IC upper	0.27	0.95	-0.08	-0.27	-0.09	-0.05	-0.05	-0.03	-0.03	-0.02	-0.02	-0.01
GBR	Cumulative IRF	0.14	0.72	0.32	-0.14	-0.36	-0.51	-0.63	-0.72	-0.80	-0.85	-0.90	-0.93
JPN	IC lower	-0.40	-1.35	-0.32	-0.84	-0.20	-0.22	-0.15	-0.15	-0.12	-0.11	-0.09	-0.09
JPN	IRF	-0.16	-0.67	0.23	-0.50	-0.01	-0.09	-0.06	-0.08	-0.05	-0.05	-0.04	-0.04
JPN	IC upper	0.11	0.08	0.78	-0.21	0.18	0.02	0.02	-0.02	0.00	-0.02	-0.01	-0.01
JPN	Cumulative IRF	-0.16	-0.83	-0.60	-1.10	-1.11	-1.21	-1.27	-1.35	-1.40	-1.45	-1.49	-1.52
CHN	IC lower	-0.08	-0.27	-0.40	-0.54	-0.55	-0.51	-0.46	-0.42	-0.37	-0.33	-0.30	-0.27

	GDP	Q0	Q1	Q2	Q3	Q4	Q5	Q6	Q7	Q8	Q9	Q10	Q11
CHN	IRF	-0.01	-0.09	-0.24	-0.39	-0.38	-0.34	-0.28	-0.24	-0.20	-0.17	-0.14	-0.12
CHN	IC upper	0.07	0.14	-0.03	-0.23	-0.22	-0.19	-0.14	-0.12	-0.09	-0.07	-0.06	-0.05
CHN	Cumulative IRF	-0.01	-0.10	-0.34	-0.73	-1.12	-1.46	-1.74	-1.99	-2.19	-2.36	-2.50	-2.62
IND	IC lower	-0.25	-0.87	-0.71	-0.13	-0.45	-0.38	-0.31	-0.24	-0.21	-0.18	-0.16	-0.13
IND	IRF	-0.05	-0.30	-0.22	0.13	-0.26	-0.24	-0.19	-0.14	-0.11	-0.09	-0.07	-0.06
IND	IC upper	0.14	0.25	0.25	0.39	-0.09	-0.12	-0.10	-0.06	-0.05	-0.03	-0.03	-0.02
IND	Cumulative IRF	-0.05	-0.36	-0.57	-0.44	-0.70	-0.94	-1.13	-1.26	-1.38	-1.46	-1.54	-1.59
IDN	IC lower	-0.04	-0.12	-0.12	-0.06	-0.10	-0.09	-0.08	-0.07	-0.06	-0.06	-0.05	-0.04
IDN	IRF	0.00	-0.03	-0.05	-0.01	-0.07	-0.06	-0.06	-0.04	-0.04	-0.03	-0.02	-0.02
IDN	IC upper	0.03	0.06	0.02	0.04	-0.03	-0.04	-0.03	-0.02	-0.02	-0.01	-0.01	-0.01
IDN	Cumulative IRF	0.00	-0.03	-0.08	-0.09	-0.16	-0.22	-0.27	-0.32	-0.35	-0.38	-0.41	-0.43
KOR	IC lower	0.12	0.76	-0.96	-0.39	-0.24	-0.18	-0.14	-0.12	-0.10	-0.09	-0.08	-0.07
KOR	IRF	0.30	1.26	-0.60	-0.22	-0.13	-0.11	-0.08	-0.07	-0.05	-0.05	-0.03	-0.03
KOR	IC upper	0.49	1.79	-0.21	-0.04	-0.03	-0.04	-0.03	-0.03	-0.02	-0.02	-0.01	-0.01
KOR	Cumulative IRF	0.30	1.56	0.96	0.74	0.61	0.50	0.42	0.35	0.30	0.26	0.22	0.19
BRA	IC lower	0.14	1.14	-0.79	-0.13	-0.32	-0.31	-0.24	-0.19	-0.16	-0.14	-0.12	-0.10
BRA	IRF	0.43	1.94	-0.19	0.15	-0.14	-0.18	-0.14	-0.10	-0.08	-0.06	-0.05	-0.04
BRA	IC upper	0.70	2.69	0.41	0.45	0.05	-0.05	-0.05	-0.03	-0.02	-0.01	-0.01	-0.01
BRA	Cumulative IRF	0.43	2.37	2.18	2.33	2.20	2.02	1.88	1.78	1.70	1.64	1.59	1.55
MEX	IC lower	-0.01	0.46	0.34	-0.70	-0.19	-0.11	-0.11	-0.11	-0.10	-0.09	-0.08	-0.07
MEX	IRF	0.17	0.97	0.77	-0.42	-0.02	0.00	-0.02	-0.04	-0.04	-0.04	-0.03	-0.03
MEX	IC upper	0.34	1.48	1.23	-0.17	0.16	0.12	0.06	0.02	0.01	0.00	0.00	0.00
MEX	Cumulative IRF	0.17	1.14	1.91	1.49	1.47	1.47	1.44	1.40	1.36	1.33	1.30	1.27
POL	IC lower	-0.10	-0.21	-1.23	-0.30	-0.35	-0.24	-0.20	-0.15	-0.13	-0.11	-0.10	-0.08
POL	IRF	0.12	0.41	-0.74	-0.07	-0.19	-0.13	-0.10	-0.07	-0.06	-0.05	-0.04	-0.03
POL	IC upper	0.36	1.08	-0.23	0.17	-0.05	-0.04	-0.04	-0.02	-0.02	-0.01	-0.01	-0.01
POL	Cumulative IRF	0.12	0.53	-0.20	-0.27	-0.46	-0.59	-0.69	-0.77	-0.83	-0.87	-0.91	-0.94
RUS	IC lower	0.22	2.05	1.31	-0.36	-0.43	-0.29	-0.23	-0.19	-0.16	-0.14	-0.12	-0.11
RUS	IRF	0.55	2.96	1.99	-0.02	-0.21	-0.14	-0.11	-0.09	-0.08	-0.06	-0.05	-0.04
RUS	IC upper	0.93	3.97	2.62	0.31	0.00	0.00	-0.01	-0.02	-0.02	-0.01	-0.01	-0.01
RUS	Cumulative IRF	0.55	3.51	5.50	5.47	5.27	5.12	5.01	4.92	4.84	4.78	4.73	4.69
TUR	IC lower	0.03	0.92	-1.34	-1.53	-0.53	-0.36	-0.25	-0.22	-0.17	-0.15	-0.12	-0.11
TUR	IRF	0.48	2.22	-0.27	-0.94	-0.17	-0.12	-0.09	-0.09	-0.06	-0.06	-0.04	-0.04
TUR	IC upper	0.94	3.56	0.87	-0.41	0.16	0.08	0.05	0.01	0.02	0.00	0.01	0.00
TUR	Cumulative IRF	0.48	2.71	2.44	1.50	1.33	1.21	1.12	1.03	0.97	0.91	0.87	0.83
ZAF	IC lower	-0.21	-0.54	0.24	-0.27	-0.25	-0.20	-0.18	-0.17	-0.15	-0.13	-0.12	-0.11
ZAF	IRF	-0.05	-0.10	0.56	-0.10	-0.12	-0.11	-0.10	-0.09	-0.08	-0.07	-0.06	-0.05
ZAF	IC upper	0.11	0.33	0.88	0.08	-0.01	-0.02	-0.04	-0.04	-0.04	-0.03	-0.02	-0.02
ZAF	Cumulative IRF	-0.05	-0.15	0.42	0.32	0.20	0.09	-0.01	-0.11	-0.19	-0.26	-0.31	-0.36

Table C8: Scenario 3 - Breakdown - CPI response.

	GDP	Q0	Q1	Q2	Q3	Q4	Q5	Q6	Q7	Q8	Q9	Q10	Q11
USA	IC lower	0.41	2.14	0.14	0.02	0.00	-0.03	-0.03	-0.02	-0.02	-0.02	-0.01	-0.01
USA	IRF	0.51	2.41	0.34	0.13	0.08	0.02	0.01	0.00	0.00	0.00	0.00	0.00
USA	IC upper	0.60	2.68	0.55	0.26	0.17	0.09	0.05	0.04	0.03	0.02	0.02	0.01
USA	Cumulative IRF	0.51	2.91	3.25	3.38	3.46	3.48	3.49	3.49	3.49	3.49	3.49	3.49
EUZ	IC lower	0.08	0.81	0.00	-0.19	-0.06	-0.14	-0.06	-0.08	-0.04	-0.04	-0.03	-0.03
EUZ	IRF	0.28	1.38	0.45	0.09	0.11	-0.01	0.02	-0.01	0.00	-0.01	0.00	-0.01
EUZ	IC upper	0.46	1.92	0.93	0.35	0.31	0.11	0.12	0.05	0.06	0.02	0.03	0.01
EUZ	Cumulative IRF	0.28	1.66	2.11	2.20	2.31	2.30	2.32	2.30	2.31	2.30	2.30	2.29
GBR	IC lower	-0.03	0.57	1.28	0.09	-0.06	-0.09	-0.02	-0.04	-0.01	-0.02	-0.01	-0.02
GBR	IRF	0.16	1.10	1.68	0.33	0.10	0.02	0.05	0.02	0.03	0.01	0.01	0.01
GBR	IC upper	0.33	1.59	2.10	0.57	0.28	0.15	0.15	0.09	0.09	0.05	0.05	0.04
GBR	Cumulative IRF	0.16	1.26	2.95	3.28	3.38	3.40	3.45	3.47	3.50	3.51	3.52	3.53

	GDP	Q0	Q1	Q2	Q3	Q4	Q5	Q6	Q7	Q8	Q9	Q10	Q11
JPN	IC lower	0.01	0.25	-0.10	0.10	0.06	0.01	-0.01	0.00	0.00	0.00	0.00	0.00
JPN	IRF	0.11	0.54	0.13	0.24	0.15	0.07	0.04	0.03	0.02	0.01	0.01	0.01
JPN	IC upper	0.21	0.83	0.37	0.38	0.25	0.14	0.09	0.07	0.06	0.05	0.04	0.03
JPN	Cumulative IRF	0.11	0.66	0.79	1.03	1.18	1.25	1.29	1.31	1.33	1.35	1.36	1.37
CHN	IC lower	-0.11	0.17	0.85	-0.48	-0.44	-0.26	-0.14	-0.10	-0.06	-0.05	-0.03	-0.03
CHN	IRF	0.10	0.75	1.30	-0.23	-0.27	-0.15	-0.06	-0.04	-0.02	-0.01	-0.01	-0.01
CHN	IC upper	0.33	1.38	1.77	0.01	-0.11	-0.04	0.01	0.01	0.02	0.02	0.02	0.01
CHN	Cumulative IRF	0.10	0.85	2.15	1.92	1.65	1.51	1.44	1.40	1.39	1.37	1.37	1.36
IND	IC lower	-0.16	0.58	2.25	-0.76	-0.40	-0.09	-0.06	-0.03	-0.03	-0.02	-0.02	-0.01
IND	IRF	0.20	1.59	3.04	-0.37	-0.17	0.04	0.03	0.03	0.02	0.02	0.01	0.01
IND	IC upper	0.56	2.61	3.82	0.03	0.07	0.20	0.14	0.11	0.08	0.07	0.05	0.05
IND	Cumulative IRF	0.20	1.79	4.83	4.46	4.28	4.33	4.36	4.39	4.40	4.42	4.43	4.44
IDN	IC lower	-0.50	-1.45	1.09	-0.06	-0.15	-0.06	-0.04	-0.04	-0.04	-0.04	-0.03	-0.03
IDN	IRF	-0.22	-0.67	1.64	0.23	0.03	0.05	0.03	0.01	0.00	0.00	0.00	0.00
IDN	IC upper	0.08	0.12	2.17	0.53	0.23	0.19	0.13	0.08	0.06	0.04	0.03	0.02
IDN	Cumulative IRF	-0.22	-0.89	0.75	0.98	1.00	1.05	1.08	1.09	1.10	1.09	1.09	1.09
KOR	IC lower	0.27	1.41	-0.72	0.22	-0.15	-0.09	-0.06	-0.04	-0.03	-0.02	-0.02	-0.02
KOR	IRF	0.42	1.84	-0.37	0.41	-0.02	-0.01	-0.01	0.00	0.00	0.00	0.00	0.00
KOR	IC upper	0.57	2.26	-0.02	0.62	0.11	0.07	0.04	0.04	0.02	0.02	0.02	0.02
KOR	Cumulative IRF	0.42	2.26	1.89	2.30	2.27	2.26	2.25	2.24	2.24	2.24	2.24	2.24
BRA	IC lower	-0.12	-0.28	-0.83	-0.37	-0.17	-0.13	-0.10	-0.10	-0.08	-0.08	-0.07	-0.06
BRA	IRF	0.08	0.28	-0.38	-0.12	0.00	-0.01	-0.01	-0.03	-0.02	-0.03	-0.02	-0.02
BRA	IC upper	0.28	0.84	0.04	0.10	0.15	0.10	0.07	0.03	0.02	0.01	0.01	0.01
BRA	Cumulative IRF	0.08	0.36	-0.02	-0.15	-0.15	-0.16	-0.17	-0.19	-0.22	-0.24	-0.27	-0.29
MEX	IC lower	-0.34	-0.99	0.40	-0.06	-0.04	-0.06	-0.04	-0.05	-0.04	-0.04	-0.03	-0.03
MEX	IRF	-0.12	-0.37	0.84	0.16	0.09	0.03	0.02	0.00	0.00	-0.01	0.00	0.00
MEX	IC upper	0.10	0.24	1.31	0.40	0.25	0.14	0.10	0.06	0.05	0.03	0.03	0.02
MEX	Cumulative IRF	-0.12	-0.49	0.36	0.52	0.61	0.65	0.66	0.66	0.66	0.66	0.66	0.65
POL	IC lower	-0.17	-0.24	-0.69	-0.36	-0.22	-0.25	-0.14	-0.14	-0.08	-0.08	-0.06	-0.06
POL	IRF	0.13	0.61	-0.02	0.04	0.07	-0.05	0.00	-0.02	0.00	-0.01	0.00	-0.01
POL	IC upper	0.42	1.42	0.66	0.44	0.37	0.16	0.15	0.08	0.08	0.05	0.05	0.03
POL	Cumulative IRF	0.13	0.75	0.73	0.77	0.84	0.79	0.79	0.76	0.76	0.75	0.74	0.74
RUS	IC lower	-0.37	-1.55	-2.56	0.01	-0.06	-0.20	-0.20	-0.15	-0.13	-0.11	-0.09	-0.08
RUS	IRF	-0.05	-0.66	-1.84	0.45	0.24	0.01	-0.05	-0.04	-0.04	-0.03	-0.03	-0.02
RUS	IC upper	0.31	0.34	-1.10	0.93	0.59	0.25	0.11	0.07	0.04	0.03	0.02	0.02
RUS	Cumulative IRF	-0.05	-0.71	-2.55	-2.10	-1.85	-1.84	-1.89	-1.94	-1.98	-2.01	-2.05	-2.07
TUR	IC lower	-0.97	-2.68	0.84	-0.58	-0.79	-0.70	-0.37	-0.33	-0.20	-0.20	-0.13	-0.13
TUR	IRF	-0.25	-0.63	2.55	0.47	-0.03	-0.14	0.04	-0.02	0.03	-0.01	0.01	-0.01
TUR	IC upper	0.41	1.29	4.24	1.52	0.79	0.43	0.46	0.29	0.27	0.17	0.16	0.11
TUR	Cumulative IRF	-0.25	-0.88	1.67	2.14	2.11	1.97	2.00	1.99	2.02	2.01	2.03	2.02
ZAF	IC lower	0.39	2.16	-0.17	-0.22	-0.09	-0.06	-0.05	-0.03	-0.03	-0.02	-0.02	-0.01
ZAF	IRF	0.56	2.66	0.27	0.05	0.11	0.08	0.05	0.03	0.02	0.02	0.01	0.01
ZAF	IC upper	0.74	3.16	0.71	0.35	0.32	0.22	0.15	0.11	0.08	0.07	0.05	0.05
ZAF	Cumulative IRF	0.56	3.22	3.49	3.54	3.65	3.73	3.77	3.81	3.83	3.85	3.86	3.87

Table C9: Scenario 3 - Breakdown - Policy rate response.

	GDP	Q0	Q1	Q2	Q3	Q4	Q5	Q6	Q7	Q8	Q9	Q10	Q11
USA	IC lower	-11.01	-29.64	-43.20	-4.59	-5.33	-5.88	-4.36	-3.41	-2.89	-2.55	-2.23	-2.04
USA	IRF	2.41	7.17	-16.67	9.24	3.49	-0.19	-0.53	-0.59	-0.76	-0.78	-0.73	-0.69
USA	IC upper	16.33	45.28	10.55	23.32	12.69	5.75	3.51	2.22	1.33	0.79	0.50	0.28
USA	Cumulative IRF	2.41	9.58	-7.09	2.15	5.64	5.45	4.92	4.33	3.57	2.79	2.06	1.37
EUZ	IC lower	-3.64	5.10	-35.40	-9.26	-6.00	-4.99	-3.17	-2.15	-1.47	-1.19	-0.93	-0.83
EUZ	IRF	9.23	40.39	-9.87	4.36	2.62	0.59	0.58	0.52	0.44	0.30	0.22	0.14
EUZ	IC upper	23.28	78.18	15.50	17.77	11.09	5.97	4.28	3.16	2.52	1.98	1.65	1.33

	GDP	Q0	Q1	Q2	Q3	Q4	Q5	Q6	Q7	Q8	Q9	Q10	Q11
EUZ	Cumulative IRF	9.23	49.62	39.75	44.11	46.73	47.32	47.90	48.42	48.86	49.16	49.38	49.52
GBR	IC lower	-2.33	6.96	-57.03	-6.28	-5.79	-6.55	-4.57	-3.09	-2.19	-1.67	-1.35	-1.13
GBR	IRF	10.77	42.59	-32.06	7.12	2.66	-0.93	-0.73	-0.34	-0.17	-0.07	-0.08	-0.06
GBR	IC upper	24.15	78.90	-6.72	20.83	11.25	4.42	2.74	2.03	1.64	1.34	1.10	0.91
GBR	Cumulative IRF	10.77	53.36	21.30	28.42	31.08	30.15	29.42	29.08	28.92	28.84	28.76	28.70
JPN	IC lower	-1.40	-2.77	-4.87	-1.09	-1.18	-0.90	-0.53	-0.36	-0.24	-0.19	-0.14	-0.12
JPN	IRF	0.69	2.97	-0.77	0.81	-0.04	-0.19	-0.05	-0.01	0.01	0.01	0.02	0.01
JPN	IC upper	2.65	8.50	3.49	2.78	1.10	0.46	0.38	0.29	0.25	0.20	0.18	0.15
JPN	Cumulative IRF	0.69	3.66	2.89	3.70	3.66	3.46	3.41	3.40	3.41	3.42	3.44	3.45
CHN	IC lower	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
CHN	IRF	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
CHN	IC upper	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
CHN	Cumulative IRF	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
IND	IC lower	-9.77	-16.00	44.53	8.42	-4.77	-4.47	-4.04	-2.71	-2.37	-1.79	-1.67	-1.33
IND	IRF	-0.88	8.83	63.90	19.55	2.44	0.05	-0.92	-0.49	-0.60	-0.40	-0.46	-0.31
IND	IC upper	9.00	35.90	83.77	31.45	10.16	5.16	2.47	1.85	1.04	0.88	0.51	0.50
IND	Cumulative IRF	-0.88	7.95	71.85	91.40	93.84	93.89	92.97	92.48	91.88	91.48	91.02	90.71
IDN	IC lower	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
IDN	IRF	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
IDN	IC upper	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
IDN	Cumulative IRF	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
KOR	IC lower	-5.09	-6.15	20.29	1.79	-2.39	-2.58	-2.17	-1.87	-1.54	-1.40	-1.19	-1.10
KOR	IRF	0.72	9.99	32.80	9.25	2.51	0.63	0.03	-0.23	-0.24	-0.32	-0.28	-0.30
KOR	IC upper	6.39	25.72	44.84	16.62	7.76	4.36	2.69	1.66	1.15	0.71	0.54	0.35
KOR	Cumulative IRF	0.72	10.71	43.51	52.75	55.27	55.89	55.92	55.69	55.45	55.12	54.84	54.54
BRA	IC lower	-3.47	39.19	46.98	17.62	-13.63	-25.49	-28.13	-25.65	-22.31	-19.13	-16.22	-13.67
BRA	IRF	17.20	98.89	100.69	56.57	21.42	5.68	-0.97	-2.37	-2.47	-2.06	-1.50	-0.98
BRA	IC upper	37.20	156.96	154.08	96.44	56.99	36.38	25.12	19.43	15.71	13.27	11.36	9.84
BRA	Cumulative IRF	17.20	116.09	216.78	273.35	294.78	300.45	299.49	297.12	294.65	292.59	291.10	290.12
MEX	IC lower	-15.31	-45.55	-8.06	0.43	2.25	-1.89	-4.38	-5.24	-5.38	-5.14	-4.78	-4.45
MEX	IRF	-3.29	-11.71	19.33	17.24	14.18	6.27	1.35	-0.85	-1.74	-1.91	-1.84	-1.72
MEX	IC upper	7.97	20.41	46.15	33.08	26.31	15.42	8.25	4.32	2.21	1.12	0.56	0.21
MEX	Cumulative IRF	-3.29	-15.00	4.34	21.58	35.75	42.03	43.38	42.53	40.80	38.88	37.04	35.32
POL	IC lower	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
POL	IRF	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
POL	IC upper	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
POL	Cumulative IRF	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
RUS	IC lower	-27.50	-81.11	15.71	5.86	-3.19	-4.87	-5.13	-4.79	-4.42	-4.06	-3.60	-3.28
RUS	IRF	-8.54	-28.96	54.53	29.00	12.66	5.89	2.19	0.51	-0.28	-0.55	-0.57	-0.59
RUS	IC upper	13.42	29.64	93.53	53.14	30.56	18.69	11.47	7.18	4.59	3.04	2.26	1.67
RUS	Cumulative IRF	-8.54	-37.50	17.03	46.03	58.69	64.58	66.77	67.27	66.99	66.44	65.87	65.28
TUR	IC lower	-0.21	26.11	-106.50	-22.14	-16.35	-13.51	-12.28	-7.50	-6.42	-4.29	-3.92	-2.78
TUR	IRF	21.85	88.97	-54.84	5.78	3.50	0.61	-1.76	0.23	-0.28	0.39	0.01	0.31
TUR	IC upper	46.72	158.25	-1.37	36.40	24.73	15.10	8.14	7.61	5.06	4.80	3.57	3.41
TUR	Cumulative IRF	21.85	110.81	55.97	61.75	65.25	65.86	64.11	64.34	64.06	64.45	64.47	64.77
ZAF	IC lower	-22.13	-82.59	-16.96	3.07	-2.52	-6.06	-6.58	-6.15	-5.44	-4.85	-4.25	-3.81
ZAF	IRF	-11.64	-53.19	6.39	17.01	7.26	0.61	-1.77	-2.35	-2.27	-2.04	-1.73	-1.51
ZAF	IC upper	-1.02	-23.43	29.94	30.94	17.17	7.44	3.08	1.14	0.35	0.02	-0.05	-0.12
ZAF	Cumulative IRF	-11.64	-64.83	-58.45	-41.43	-34.17	-33.56	-35.33	-37.68	-39.95	-41.99	-43.72	-45.23