

Macroeconomic shocks and asset prices. The case of urban properties in Argentina

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ABSTRACT

The recent international financial crisis highlighted the role of asset prices in macroeconomic fluctuations. This paper analyzes the effects of external and domestic shocks on urban property prices in Argentinian economy. In the research paper are employed FAVAR and SVAR models (with short-term restrictions) and quarterly data covering the period 1993-2012. Results show that improvements in external conditions and terms of trade would have a stimulating effect on the economy and in particular on urban property prices. It is also observed the role of other macroeconomic shocks (growth, GDP deflator, interest rates, and real exchange rate) to explain the variability in these asset prices.

JEL Classification: C1, E3, F00, F4

Keywords: International financial crisis, urban property prices, external and domestic shocks, FAVAR and SVAR models with short term restrictions, Argentina