

ABSTRACT

This research investigates the relative importance of a set of exogenous shocks in deriving the fluctuations in macroeconomic fundamentals of selected south Asian countries. We have employed SVAR and PSVAR model to cater the idiosyncratic and contagion impact of shocks, over the period of 1999Q1-2018Q2, relying on a set of exogenous shocks (Oil Price shock, Trade shock, MSCI world shock, and structural shock (GFC)). The variance decomposition forecasting error and impulse response function confirm pronounce impact of external shocks on macroeconomic fundamentals particularly in pre GFC period. Moreover, the oil price shock and trade shock impart a significant effect on macroeconomic fundamentals and follow more a symmetric response as compared to financial shocks.